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Republican Campaign Documents

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The Republican Congressional Committee,

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1896.

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APSLEY ON PROTECTION

Protection and Reciprocity

Repeal of the Tariff Law of 1890
Its Effect on National Revenues

and on

Commercial Conditions

SPEECH
of
HON. L. D. APSLEY
OF MASSACHUSETTS
in the
House of Representatives, Washington, D. C.

Thursday, May 21, 1896

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SPEECH

OF

HON. L. D. APSLEY

OF MASSACHUSETTS

IN THE

House of Representatives, Washington, D. C.

Thursday, May 21, 1896

MR. APSLEY said:

PRESIDENTIAL HYSTERICS.

MR. SPEAKER:—Our present Chief Executive has on several occasions dealt largely in literary hysterics. Among his latest examples is his message of December 17, 1895, on the Venezuelan boundary question; but that in his message of August 7, 1893, on the repeal of the Sherman law, is still more extraordinary.

All that was required in the Venezuelan matter was a simple statement of the facts then known and an intimation to Congress that he desired funds to enable him to ascertain such additional information as he thought necessary. All his suggestions as to war, as to resisting by every means within our power, as a willful aggression by Great Britain, the exercise of jurisdiction over lands which she claimed in an unknown region under the equator, were wholly uncalled for. It was worse than this. Such idle and needless threats against a friendly nation can only be properly designated as a political crime. Should occasion unfortunately arise, we trust all Americans would be united for any national interest or sentiment; but it is a well-known fact that those who have once fought have more conservative ideas as to war than those who have delegated their fighting to a hireling. To add to the inconsistency of his action, on the third day thereafter, he sent a melodramatic message to Congress begging them to vote him money to relieve the nation from impending bankruptcy caused by the maladministration of national affairs by his own party and aggravated by the hysterical deliverance to which I have just alluded.

Even these are eclipsed by the words he used in the mid-summer message of August 7, 1893. He had then been President for more than five months, President-elect for nine months, and having been President once before he was no groundling. He well knew, or should have known, that the conditions which he described so graphically were caused by the change in national policy foreshadowed by the election of November, 1892, when his party, the champion of free trade and of a tariff for revenue only, had been voted into power at the polls.

THE COUNTRY UNDER PROTECTION.

Let us look on the two industrial pictures—the one drawn by Harrison of the condition of affairs under the Republican policy, and that shown by Cleveland under the Democratic policy of free trade.

President Harrison, fourth annual message, 1892:

> In submitting my annual message to Congress, I have great satisfaction in being able to say that the general conditions affecting the commercial and industrial interests of the United States are in the highest degree favorable. A comparison of the existing conditions with those of the most favored period in the history of the country will, I believe, show that so high a degree of prosperity and so general a diffusion of the comforts of life were never before enjoyed by our people.
>
> * * * * * * * * *
>
> There never has been a time in our history when work was so abundant or when wages were as high, whether measured by the currency in which they are paid or by their power to supply the necessaries and comforts of life.
>
> * * * * * * * * *

WHERE ARE THESE SAVINGS NOW?

> Another indication of the general prosperity of the country is found in the fact that the number of depositors in savings banks increased from 693,870 in 1860, to 4,258,893 in 1890, an increase of 513 per cent., and the amount of deposits from $149,277,504 in 1860 to $1,524,844,506 in 1890, an increase of 921 per cent. In 1891 the amount of deposits in savings banks was $1,623,079,749. It is estimated that 90 per cent. of these deposits represent the savings of wage earners.
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> * * * * * * *

THE PROTECTIVE SYSTEM.

> I believe that the protective system * * * has been a mighty instrument for the development of our national wealth and a most powerful agency in protecting the homes of our workingmen from the invasion of want.

He did not attempt to argue as to the merits of protection. That system, he said, had now been put into the hands of its avowed enemies, and the results of their action would be awaited with intense interest. While he warned us that the immediate results would be a decreased revenue from customs duties, he was yet generous enough to say that those who had so advocated protection and had predicted dire results from its abandonment could well afford to be disappointed in their forecasts.

We had had, he said, in our history several experiences of the contrasted effects of a revenue and a protective tariff; but this generation had not felt them, and the lessons learned by one generation were not always accepted by that which followed it. He added, however, that the friends of the protective system would await with confidence the verdict of the future.

INCREASED MARKETS ABROAD.

In his review he noted as the only serious question the low prices of wheat and other farm products. This condition had been due to increased production in other countries and to our exports being discriminated against. To remedy this he announced the negotiation of reciprocity agreements with Brazil, Spain for Cuba and Puerto Rico, Germany, Austria and various Latin-American countries. Others were in course of negotiation, and had it not been for the change announced and determined on by the incoming party, these would have soon included nearly every nation with whom such were advisable.

While the treaties were just beginning to demonstrate their value he was even then able to show that our exports of domestic products, mostly in wheat, flour, meat, and dairy products, manufactures of iron, steel and lumber to these countries had increased $20,772,621, in this way widening the market of our farmers for the wheat and other products which had been displaced by recent extraordinary outputs in the Argentine Republic and Russia, and had caused such a marked decrease in the Old World prices. All who were interested knew then that our flour was going by carload lots from far interior towns to the seaports for export to Cuba, where, for the first time in the history of the nation, the Spanish Government had been obliged, because of the retaliatory clauses of the tariff of 1890, to let in our food products on favorable terms. We are all well aware that the Wilson law repealed these provisions and that as a consequence our magnificent new trade was stricken down, our favorable terms of importation into Cuba and Puerto Rico were promptly done away with by the Spanish Government, and our flour and other productions had to find consumers at home.

WHAT IS RECIPROCITY?

Many Democratic authorities declare that reciprocity in trade between nations is, in fact, free trade, pure and simple. They forget the first condition to such treaties. There must be a tariff list from which to except certain articles. Without this the United States would have nothing to give. If all the products of a foreign country were already free, they would laugh at our offer to make them any freer by means of a treaty. Having given away our markets, our appeal would have to be made to the generosity, and not to the self-interest, of other nations. Lord Salisbury once said that free trade might be noble, but it was not business; but whatever may be said of reciprocity, it is certainly business. It is fair and open exchange. We say to Spain, we will remove all duties upon your sugar if you will admit our flour free; and the American people taste the sweets of free sugar, the Cuban people eat untaxed bread, and the producers of flour and of sugar have an enlarged market.

UNDER THE McKINLEY LAW WE HAD A TARIFF.

The law of 1890 had been so framed that the President could negotiate treaties, conventions, and agreements with foreign nations to secure larger sale of our surplus agricultural and manufactured products, and if such nations would not join us in this effort, he could impose retaliatory duties on the imports from that country.

This confronted these nations with a condition and not a theory; where they had to consider whether they should lose this great market entirely, or whether they should give us something of value in return.

NATIONS MAKING SUCH TREATIES.

The following is a list of the nations which entered into the special tariff agreements: Brazil, in effect April 1, 1891; Spain for Cuba and Puerto Rico, September 1, 1891; German Empire, effective February 1, 1892; Salvador, British West Indies, Nicaragua, Guatemala, Costa Rica, Honduras, France and her colonies, Austria-Hungary, and others.

WHAT WE GAINED BY RECIPROCITY.

With Spain (to Cuba and Puerto Rico) we gained at once at the rate of more than ten millions per year; with Brazil, from ten to fifteen millions; Guatemala, nearly one and a half millions; Venezuela, one and three-quarter millions; Haiti, two millions three hundred and sixty thousand;

British West Indies, over two and a half millions; and so on through the list, so that the net gain, allowing for all losses by reason of civil war and financial disturbances in some of these countries to the South, was for the year over twenty-five millions. All this and all the growth of this trade, which was estimated as certain to grow to more than one hundred millions, was thrown away by the Democratic repeal. It did more than lose this; it gave our trade to these countries such a blow, because of the dishonor which attaches to this abrogation of a treaty, as will require time to recover from.

All the increase in these exports was in grain, corn, wheat, flour, lard, provisions, and the general list of manufactured articles. These people all want our goods, but they had to pay extra duties on them, so as to foster the mother country back in Europe, until the law of 1890, by the clauses mentioned, enabled the President to call a halt on such acts and to say to them: Let in our goods on fair terms, or we will tax your goods out of our markets. Of course, these various European countries did not love the Republican party for this action. They looked with little favor upon the party which had enacted a law declaring in effect that America was for Americans, and their great public newspapers were a unit in demanding its repeal. So soon as the Republican tariff was out of the way these nations, Spain, France, Germany, and others, shut out our food products or discriminated against them so as to almost ruin our trade there in many lines. It is useless for our ministers to protest; we have deliberately thrown away the only lever, the only weapon, with which we could have prevented this action, and we now have to pay, in the great loss in our export trade, the cost of Democratic incompetence and hostility to the interests of labor and agriculture in the United States.

PRESIDENT CLEVELAND'S MESSAGE OF 1893.

The evil results of the change in national policy which was to be inaugurated by the Democratic party began to show themselves with the first days of the year 1893. By the time the new President was installed this had become so threatening that Cleveland was censured by many for not at once convening Congress. Perhaps he was afraid of the newly elected Representatives. At any rate, he neglected to avail himself of their counsel and assistance until the industries of the country were in a state of complete prostration. No such spectacle had ever before saddened the American people; their honest workmen were idle in hundreds of thousands; anarchists and "Coxeyites" held high revel, and all the world looked on in surprise at the awfulness of the disaster which had so suddenly come upon us.

After waiting five long months he finally called Congress in special session. On the 8th of August he addressed them a message, which stands, and I trust may ever stand, separate and apart among the utterances of our Presidents—an abject confession of incapacity and a blind accusation of all existing conditions on the party and policy which had ever been successful in preventing such conditions from arising.

> The existence of an alarming and extraordinary business situation, involving the welfare and prosperity of all our people, has constrained me to call together in extra session the people's representatives in Congress, to the end that, through a wise and patriotic exercise of the legislative duty with which they solely are charged, present evils may be mitigated and dangers threatening the future may be averted.

Any man who could expect a wise and patriotic exercise of the legislative duty from that body would be appropriately lodged not in the White

House, but in an asylum for those of feeble mind. In a trusting mood he continues:

> Our unfortunate financial plight is not the result of untoward events nor of conditions related to our natural resources; nor is it traceable to any of the afflictions which frequently check national growth and prosperity. With plenteous crops, with abundant promise of remunerative production and manufacture, with unusual invitation to safe investment and with satisfactory assurance to business enterprise, suddenly financial distrust and fear have sprung up on every side. Numerous moneyed institutions have suspended because abundant assets were not immediately available to meet the demands of frightened depositors. Surviving corporations and individuals are content to keep in hand the money they are usually anxious to loan, and those engaged in legitimate business are surprised to find that the securities they offer for loans, though heretofore satisfactory, are no longer accepted. Values supposed to be fixed are fast becoming conjectural, and loss and failure have invaded every branch of business.

HE STATED CONDITIONS CORRECTLY.

All the facts he states above were true, too true, as we are all aware. And what a contrast to the times left by the preceding Administration, and which were correctly portrayed in the message of President Harrison sent to Congress only eight months before. National and individual prosperity on the one hand; national and individual poverty on the other.

HE ASKS THE REPEAL OF THE SHERMAN LAW.

He had waited five months to find some other excuse for the awful ruin in view, to find some other cause to allege than the plain and well-known one of impending free trade. At last he chose his "Bogy," the thing with which to cover with obloquy; on which he might safely vent his spite. With a Treasury bankrupt because importers chose to wait for the promised free trade, he found the sole and only cause was the so-called Sherman law. Here is what he said of this:

> I believe these things are principally chargeable to Congressional legislation touching the purchase and coinage of silver by the General Government
>
> This legislation is embodied in a statute passed on the 14th day of July, 1890, which was the culmination of much agitation on the subject involved, and which may be considered a truce, after a long struggle, between the advocates of free silver coinage and those intending to be more conservative.

If the principal cause be removed the evil must needs soon pass away. Has this happened?

THE SHERMAN LAW IS REPEALED.

We of the United States have now endured existence nearly three years since this awful law was repealed, and have we grown sleeker and fatter since? Has the steady decline in every branch of legitimate industry ceased for a day, or have we found our resources ever growing less day by day? Did this country, so prosperous in 1892 in spite of this Sherman law, regain even that prosperity after its repeal in 1893? Let the undeniable business conditions answer; let the people of this country answer, waiting, as they have been, for the time to pass and counting the months and days until they should have an opportunity to express their opinions on the conduct of affairs and to return to the policy of protection, under which this country has ever had its widest and safest prosperity.

The Democratic party repealed the Sherman law; the purchase of silver bullion stopped for once and all. And what have been the results? Not even the bullion in the Treasury or the seigniorage or profits on the coinage of silver can be used, while we have pledged the future to pay for current expenses to the extent of $260,000,000, against a saving of $250,000,000 in the public debt by the last Republican Administration.

Has business improved? Are all financial distrust and fear passed away? Not exactly! If not, then it must have been a false alarm of President Cleveland; an incorrect diagnosis of the national ills. Or was it not in fact caused by the threat of the tariff reduction, a threat made good by the passage of the "Wilson-Gorman" bill, a measure so corrupt and ill designed that the President himself was compelled to let it become a law without his signature?

The Sherman law had done but little harm under the Republican conditions of a solvent Treasury and an increased export trade to foreign countries; but the reduced revenues caused by the impending reduction of the tariff brought about incipient national bankruptcy, a condition which Democratic blindness charged entirely to the Sherman law.

THEY PUT THEIR HEADS IN AMBUSH.

After four months of wrestling, the Democratic party, in November. 1893, finally repealed this awful law, and, thinking the country was now saved from Republican wickedness, took a few weeks' rest before giving us the "simon pure" free trade which they had promised the country. With their heads safely hidden, ostrich-like, in the bushes, they could not sense the terrible storm of ruin then sweeping the country. They had done their duty, and if the people did not know when they were saved it was no fault of the party. Indeed, many of them charged that merchants were deliberately throwing away their money, sacrificing their whole fortunes, just to say so to the Democrats. The American people were to their eyes like the obstinate and opinionated patient who insisted on dying when the doctor declared he had given the proper remedies, that he must get well, that all the Democratic doctor books said that was the proper treatment, and that he did not treat the physician rightly by insisting on going off when in fact all theories said he should get on and recover.

THE WILSON-GORMAN BILL.

Now, with clear decks, with President and Senate and House, all the machinery of the Government, in their hands for the first time since poor, old pottering Buchanan was their political idol, they fell to with shouts of glee to execute their long-cherished desires. The chief manufacturing and agricultural industries of these now unfortunate United States lie, for the most part, to the north of the Ohio; and it would have seemed only the part of ordinary prudence to let the representatives of these States have a chief hand in the pulling down of the columns of the building. But no, this mighty work was intrusted in the House to a college professor from West Virginia, to distinguished ex-Confederates from Georgia and Tennessee. From the House this bill, halting and lame on its new theoretical lines, strong only in the ruin it wrought, went to the Senate to be developed by other Southern Statesmen—JONES of Arkansas, MILLS of Texas, and VEST of Missouri—with BRICE of New York and Ohio, and GORMAN of Maryland assistants for the rescue of trusts and special interests. We all know that this bill, with 600 amendments, returned to the House, where the esteemed college professor swallowed them all at one gulp and then fled to far-away Mexico to try to forget what his party had forced him to do, while the Chief Executive reluctantly let it become a law without his signature.

AFTER THIS THE DELUGE.

What has transpired since the passage of this monstrous bill is a part of the bitterest history of the country. That there should be hard times during or after a great civil war is a thing to be excused, to be expected. But to have ruin heretofore unknown and unparalleled in extent and duration come in a period of profound peace, to have our national credit at so low an ebb that the Government was compelled to appeal to the money changers of Europe for rescue, to burden the energies and lives of another generation with the immense burden of a debt of $260,000,000 in less than three years, where, under the wise policy of the preceding Administration, this debt had been reduced $250,000,000 without being felt by the people; this mere recital would seem enough to damn such a party and such a policy to another period of thirty years outside the breastworks. But this does not begin the recital of the wrong done or the ruin caused by this suicidal policy of the Democratic party.

IN HANDS OF RECEIVERS.

Heretofore, these United States, in peace and in war, through evil report and good report, had been for thirty years managed as a great and solvent corporation. Since March, 1893, it has been in the hands of an incompetent receiver. He has begged and borrowed money for current expenses when all that was needed was to take advantage of the plain resources of the country and make it self-supporting and helpful to all the people. With the Government in such a condition it is idle to expect any marked or permanent improvement in the general business of the country. Under the last Republican Administration we had an ample Treasury supply, we decreased the debt almost as much as this one has increased it, and the magic breath of life and public credit was throughout all. With similar conditions the now serious problems of silver and sufficient money for the exchanges for the needs of the country will all solve themselves in natural and orderly sequence. It has been shown to be idle to expect such wise and patriotic action from the party now in power.

FREE TRADE THE TRUE CAUSE.

When one fatal and strong-rooted disease gets hold of a sick man it follows, as a matter of course, that symptoms of many other minor diseases come to the front. It is not, however, the policy of the wise physician to turn all his attention to these, but rather to reach the seat of the main difficulty and expect the removal of the main cause to bring about the amelioration or disappearance of the minor ones. Thus with a safe, protective tariff—one framed to secure a just degree of protection to the labor of the farm and the workshop, and the capital which nourishes and keeps these all in successful operation—we will once more be on the highway of national prosperity. With this we will have ample provisions for a wider market abroad for the rapidly growing surplus of our agricultural and manufactured products under the wise system of reciprocal treaties inaugurated by Harrison and Blaine and so contemptuously repealed by the "Wilson-Gorman" law.

"Three Evenings with Silver and Money."

A TALK OF FOUR NEIGHBORS

ABOUT

MONEY and SILVER.

FROM THE REMARKS OF

HON. JOS. W. BABCOCK,

OF WISCONSIN,

In the House of Representatives,

WASHINGTON, D. C.

June 8, 1896.

REMARKS

OF

Hon. JOS. W. BABCOCK,

OF WISCONSIN,

In the House of Representatives, Washington, D. C.

Monday, June 8, 1896.

Mr. BABCOCK. Mr. Speaker, under the leave which has been granted by the House I desire to make some practical observations on silver and money, and especially on the proposition that the United States should open its mints to the gratuitous and unlimited coinage of silver at the rate of 16 to 1.

And in doing this I can best express my views in a simple and easily understood manner by adopting as my own a conversation on the subject on three evenings between Mr. Smith, a practical business man and careful student of finance; Mr. Jones, an intelligent farmer; Mr. Vance, formerly a Greenbacker, now a Populist and silver man, and Mr. Burns, a common-sense laborer.

THREE EVENINGS WITH SILVER AND MONEY—A TALK OF FOUR NEIGHBORS ABOUT SILVER AND MONEY.

FIRST EVENING.

These four neighbors chanced to meet one evening at the house of one of their number. As these are times when all good citizens are thinking, studying and debating this question, they naturally began talking about it.

Mr. Jones opened the conversation by remarking that he had been reading one of the numerous pamphlets written and distributed by an association supported by silver-mine owners, which seeks to have the United States, by itself and alone among the commercial nations of the world, open its mints to the free and unlimited coinage of silver at a ratio of 16 to 1, and he asked Mr. Smith to give his ideas of the proposition.

Mr. Smith. Well, we have an evening before us; and as I have had considerable experience in business affairs, and have given a good deal of study to money problems and am interested in them, I always like to talk with intelligent, practical men on these subjects, and I find that their experience helps me to a better understanding of such questions. The subject is too big a one to cover in one evening. But I would be willing to come here several evenings until we have gone over the whole subject.

Mr. Jones, Mr. Vance and Mr. Burns (speaking at the same time). That is very kind of you, Mr. Smith; we want to be sure that we have the right understanding of this money question.

THE NATURE AND USES OF MONEY.

Mr. Smith. Now, the first thing we need to do is to obtain a clear idea of what money is, and what are its uses in modern business, that we may be better able to understand the points at issue. Of course we all know that money is the standard or measure of the values of all products, the financial yardstick, so to speak, and also the tool of exchange, by which I mean it is a substance which, by common consent, is accepted by everybody as equivalent in value to that which is sold. Before this common medium of exchange was adopted the primitive world had to resort exclusively to barter, or a direct exchange of one product for another. This was a very bungling, unsatisfactory method of making exchanges. For instance, "A" had a certain article which he did not need. He had to hunt up some one else—B, for instance—who did not have what A had in surplus and did have what A was short of.

Mr. Jones. Oh, yes; I remember reading that in very early times this common medium of exchange which we call money was oxen, and in the early Roman period it was sheep; still later iron; then silver, first weighed out to the purchaser and subsequently coined; and then gold. I have read that the precious metals when used as money were not coined at first, but weighed in each transaction. I remember the account in the Bible of Abraham's purchase of a burial ground with a certain weight of silver. On account of the trouble of weighing and dividing the silver or gold in each transaction, convenience naturally suggested that the government of each country should divide the silver or gold bullion into pieces of different weights and stamp one fixed designation upon the various pieces of the same weight, and another designation upon the pieces of another weight, which would in effect be a certificate of the weight of each that could be relied upon as accurate. This is what coinage practically is.

Mr. Smith. That is true. And you will notice that as any people have advanced in civilization the article selected by common consent as this common medium (for law simply recognizes what common consent has already adopted) has been less and less bulky and clumsy. China and India find silver alone adapted to their conditions. Every modern first-class commercial nation can not successfully do its business without gold for the larger transactions and for the settlement of foreign balances, as well as for reserves. But in all times property money—that is, money of intrinsic value and therefore money of final redemption—has been some product which possessed value aside from its use as money, because no one who had a valuable product would exchange it for anything else unless it had an equivalent value.

THE FIAT IDEA OF MONEY.

Mr. Vance. This is where you and we Greenbackers, or Populists, differ. I am willing to sell my labor or any other valuable thing I may have for a bit of almost valueless paper called a greenback, on which is printed the stamp of the Government, with the figures $1, $2, $5, etc., or for a piece of paper issued by a national bank with similar figures, or for a similar bit of paper called a silver certificate. Doesn't this show that whatever the law declares to be money is money, and that nothing can be money which is not thus made by the fiat of the law?

Mr. Smith. You must remember, Mr. Vance, that the bit of paper called a greenback, which we call credit money, is a promise of the Government to pay the gold or silver coins which we call property money; and the bit of bank paper is a similar promise of the bank which issues it. The silver certificate or the gold certificate is simply a receipt of the Government showing that the number of silver or gold dollars which it calls for has been deposited in the Treasury, and may be drawn from the Treasury any day that the holder of the certificate desires the deposited coin. All of these pieces of paper are used instead of the coin which they represent, for convenience.

During the war of the rebellion we had only paper credit money, which, although declared by law to be dollars, was more or less depreciated below the coin which it purported to represent—the depreciation depending upon the degree of distrust which prevailed at any time as to whether the paper promises would be redeemed in coin or property money. In 1879, when the Government had provided a fund of coin to pay its paper promises as presented, and had announced its purpose to do so, armed as the Treasury was with authority to borrow, confidence was restored, and the notes of the Government were everywhere regarded as equivalent to coin and therefore at par.

Property money, that is coin containing the full value of bullion indicated by the stamp (and all coin that has the privilege of free and unlimited coinage must be of this character), does not need redemption nor the legal-tender power conferred by law to give it currency at its face value for the reason that it has the same value as bullion before coinage as after. All that the legal-tender quality can confer is simply the power of discharging debts; but as every new debt will be contracted on a basis of the real value of the money on which it is to be discharged this really adds nothing to its value. A dollar note issued by a bank which does not have the legal-tender quality is of the same value of a greenback dollar with a legal-tender quality.

A FIAT IDEA IN COINAGE.

Mr. Vance. How does it happen, then, that our silver dollar, which you sometimes call a 50-cent dollar when the market value of silver bullion in it is only 50 cents, is just as good in making purchases as a gold dollar, whose bullion is worth 100 cents in the market?

Mr. Smith. That is because the Government coins the silver dollar on its own account and for its own profit, and does not allow private owners of bullion to have their bullion coined for their own profit. By limiting the coinage and undertaking indirect redemption of this limited quantity, by receiving them for gold, duties or for taxes, the Government, as to the 50 cents in excess of the intrinsic value of the standard silver dollar, maintains them at par with gold precisely as it maintains greenback dollars at par.

In other words, the silver dollar is maintained at par by its practical redemption by the Government, just as our fractional silver coins are maintained, as neither has the intrinsic value which the stamp indicates. France maintains her silver at par with gold in the same way.

Mr. Vance. But is not money a creature of the law, and cannot the Government make anything a dollar that it chooses to?

When Mr. Cheek gave his lecture on money before our club I remember that we all cheered and clapped when he raised his arm and stamped his right foot and declared that law made money and if the people would only have the right lawmakers we could drive the "goldbugs" to the wall.

Mr. Smith. You must bear in mind that while the Government can declare anything to be money that it pleases, yet it cannot create the value in the money. That must be in the substance declared to be money if it is property money; or, if it is credit money, a redeemable promise to pay property money. The Government can declare a clam shell to be money; may declare every shell a dollar, but the purchasing power or value of the dollar will practically be what clam shells are worth, unless the Government, by direct or indirect redemption, undertakes to add to its value.

The name dollar given by law to our metal unit of value may be given to anything, but the value of the thing called a dollar, aside from redemption, depends upon the value of the quantity of the substance of which it is made plus the charge for coinage.

The law, under free coinage, may call 25.8 grains of standard gold (the weight of a gold dollar), of 412½ grains of standard silver (the weight of a silver dollar), or half that weight, a dollar, but the piece called a dollar (when its value is not maintained by redemption) will be of the value of the substance of which it is made.

Mr. Jones. If the idea is that the "fiat" of the law or the stamp of the mint creates value—making whatever is declared or stamped as money just the value indicated by the stamp—were true, it seems to me it would be useless to have valuable gold or silver for money when it would do just as well for this valuable stamp to be put on an almost valueless piece of paper.

Mr. Smith. You are right. If the Government can make 50 cents' worth of silver bullion worth 100 cents by stamping "one dollar" upon it without redemption, then it would be wrong to do this for private owners of silver bullion without charging them an equivalent for the value added to their property by the Government stamp. With such a stamp as this—more wonderful than Aladdin's lamp—the Government would have plenty of revenue without resorting to taxation, and would make everybody rich. All of the schemes for depreciating the currency to give relief in times of business depression are outgrowths of the "fiat" idea of money.

THE RATIO OF COINAGE.

Mr. Vance. Am I to infer from what you have said that when the Government grants free and unlimited coinage to both silver and gold it cannot fix the coinage ratio between the two?

Mr. Smith. The Government, of course, can fix this ratio by law as it pleases, but unless that ratio is approximately the bullion ratio of the two metals, then the metal which is undervalued by the ratio will not be taken to the mint for coinage, and will be withdrawn from use as money and sold as merchandise, for the reason that it would be worth more as a commodity than as money.

The only metal which would be taken to the mint for coinage would be that overvalued by the ratio, in accordance with the well-known monetary law that where two or more different kinds of legal-tender dollars are authorized only the cheaper dollar will be coined and used. If the cheapest dollar authorized is a depreciated paper dollar (as was the case in this country from 1861 to 1879), then neither silver nor gold will be taken to the mint, and the only dollar used will be the cheapest paper dollar, which will become the practical standard of value, no matter what the law declares to be the unit.

Mr. Burns. When you say the piece of coined money called a "dollar" can be worth only what the bullion in it is worth under free coinage, you mean that its purchasing power will only be that.

Mr. Smith. That is just what I mean. When the dollar which is paid the laborer for his day's work is depreciated, the laborer who thinks he is receiving a "dollar" for his labor really receives as much less as the purchasing power of his money may be. And as prices of what the laborer has to buy always rise faster than the price of his labor, he is the man who is always first cheated by a depreciated dollar.

Mr. Burns. I know that is so by experience. I very well know that the workingman always gets the most for his labor when the money is of the best quality—every dollar as good as gold. I remember when the greenback was depreciated, and I thought I was getting $3 per day, that it took more days' labor to buy anything than it did in 1892, and I do not propose to be drawn into any scheme to make the laborer's dollars poorer than the bankers.

Mr. Jones. Then it seems to me that the practical standard or measure of value in any country where there are two or more kinds of full legal-tender dollars authorized by law will always be the least valuable dollar, provided they are of different values—no matter what the law declares to be a unit or standard.

Mr. Smith. That is so. Between 1792 and 1834, 371¼ grains of pure silver (412½ grains standard silver), and also 24¾ grains of pure (25.8 grains of standard) gold were each a legal dollar or unit (a quarter eagle being the smallest gold coin minted), but as that quantity of gold bullion was worth a little more than the silver in a silver dollar, the silver dollar was the practical standard.

From 1834 to 1861 a gold dollar of 25.8 grains (standard) was the practical standard, for the reason that the gold in a dollar cost less than the silver in a silver dollar, and the cheaper full legal-tender dollar will always take the field—the whole field—where there is considerable difference in the value of the two full legal-tender dollars.

From 1861 to 1873 the depreciated greenback dollar was the practical standard of value, notwithstanding the silver dollar was also a legal unit or dollar, because the greenback dollar was the least valuable.

In 1873 the gold dollar was made the legal unit, but the practical standard continued to be the depreciated greenback dollar until the resumption of specie payments in 1879, when the gold dollar again became the practical standard, as it was from 1834 to 1861, and also the legal standard.

THE COINAGE RATIO OF THE FATHERS.

Mr. Vance. Well, the "fathers" did maintain the ratio of 16 to 1, and secured both silver and gold until silver was remonetized in 1873, and I believe the moment we now demonetize silver we shall find that 16 ounces of silver will be worth everywhere as much as 1 ounce of gold, as they were once.

Mr. Jones. I thought we did not have the ratio of 16 to 1 till 1834.

Mr. Vance. Oh, yes; the "fathers" in 1792 fixed the ratio at 16 to 1, and we were all right, and should have continued all right if it had not been for "the crime of 1873."

Mr. Smith. You are mistaken in saying that the "fathers" adopted the ratio of 16 to 1, unless you mean the "fathers" of 1834. The "fathers" who lived at the discovery of America found 11 ounces of silver equal in value to 1 of gold. The "fathers" of 1792 paid no attention to what their "fathers" of 1493 did, strange as it may seem to our "fiat" brethren, but proceeded to establish a coinage ratio of 15 to 1 (not 16 to 1), because they estimated that 15 ounces of silver were equal in value, on the average, to 1 ounce of gold. Subsequently it was found they had made a slight mistake in estimating the bullion ratio of silver and gold—only 2 per cent.—which very largely kept gold from the mints; and so the later "fathers," in 1834, changed the ratio to 16 to 1 (to be exact, 15.98 to 1), and even then a slight undervaluation of silver and overvaluation of gold to the extent of only 2 per cent. by this ratio, resulted in the taking of very little silver to the mints between 1834 and 1861.

You will see that the object in fixing and changing the coinage ratio was to keep that ratio as near as possible to the bullion ratio in order to retain both metals as money, and that the ratio of 16 to 1 was not adopted until 1834, and was continued practically only twenty seven years, as neither gold nor silver was coined to any extent from 1861 to 1873. The ratio of 16 to 1 was not a fixture. It was simply a temporary adjustment of the coinage ratio to the market ratio of gold and silver bullion in 1834, just as 15 to 1 was an adjustment to the market ratio of 1792 and 11 to 1 an adjustment to the market ratio of 1493.

Mr. Vance. But if the ratio of 16 to 1 worked from 1834 to 1861, why won't it work now?

Mr. Smith. Because the relative conditions of gold and silver production and use have greatly changed, and silver, which was then worth $1.30 per ounce, is now worth only half that price. Silver bullion must be worth at least $1.29

per ounce in order to maintain the ratio of 16 to 1 and hold both metals in our coinage. Silver has declined partly because all Europe has closed its mints to its free coinage, but chiefly for the same reason that cotton cloth, steel, kerosene oil and other things have declined—it can be produced more cheaply than formerly. Forty years ago 3 yards of cotton cloth were equal in value to one bushel of corn in Illinois. Now a bushel of corn will buy eight yards of cotton cloth, because it can be made at less cost. It would be just as sensible for the manufacturers of cotton cloth to demand that the ratio between cloth and corn should now be 3 to 1 because that was the ratio forty years ago as it is for the silver mine-owners to demand that 16 ounces of silver shall be regarded now in coinage as equal in value to one ounce of gold because that was the ratio twenty-odd years ago.

Mr. Jones. I cannot see why silver bullion should not decline as well as other products, provided the discovery of richer mines and cheaper processes of separating the ore has reduced the cost of production. I was reading from a silver pamphlet a few days ago a complaint that silver is denied the privileges accorded to gold; but, as I understand it, the silver-mine owners resent the suggestion that silver should be coined at its bullion value, as gold is.

Mr. Smith. That is the fact. They talk about the restoration of silver to its old position, by which they mean not its coinage at its bullion market ratio, as it formerly was, but a ratio that assigns twice the bullion value to silver that it has in the market.

WHAT HAS CAUSED THE DECLINE OF SILVER.

Mr. Vance. But the silver-mine owners claim that it costs as much to produce silver as it ever did—far more than it has sold for since 1880—and that it is adverse legislation closing the mints to the free coinage of silver which has caused silver to decline.

Mr. Smith. The simple and conclusive answer to the claim that it costs as much to produce silver as ever, and more than it has sold for since 1880, is that it is not possible to have any article produced in increasing quantities year by year for fifteen years—four times as much as was produced in 1865—when its selling price is uniformly less than its average cost, and it is absurd to contend otherwise. Whenver year after year enough persons stand ready to produce all the world wants of an article for 75 cents or 85 cents per ounce, that must be accepted as the market value with which we have to deal.

Undoubtedly the general closing of the mints of Europe to the free coinage of silver, by diminishing what would have been the demand if they had been open, has carried the price of silver some lower than it would have otherwise gone. But, however much this action of Europe may have affected silver, there is no way of overcoming it except by inducing these European countries to unite with us in international action. Even if it were true, as the silver extremists claim, that all the fall in silver as compared with gold has been caused by the closing of mints to the free coinage of silver, this would not justify the opening of our mints alone at the ratio proposed, because it is the effect of European adverse legislation (not legislation here) with which we must deal.

Our legislation in 1873, striking the standard silver dollar from the list of coins to be minted, could not have had any influence in lowering the price of silver, because we had not coined silver to any extent for twelve years prior to 1873; while, on the other hand, we began in 1875 to coin subsidiary silver, and in 1878 resumed the coinage of the standard silver dollar, using five times as much silver as money in the twenty years from 1875 to 1895 as we used in the eighty-one years from 1792 to 1873.

Mr. Vance. Do you not think the legislation of 1873 was instigated by foreign holders of our securities to increase the value of their debts?

Mr. Smith. Nonsense! When the legislation of 1873 was had the gold in the gold dollar was 3 cents cheaper than the silver in the silver dollar; and if any one had had in mind the idea of increasing the value of debts by manipulating the coinage he would have proposed to drop the coinage of gold, so as to have only the more valuable silver dollar. The legislation of 1873 was the very natural adaptation of our coinage to the condition which had existed from 1861, during which time silver had been worth more than gold and had disappeared from the country, and was regarded of so little consequence that it attracted no attention. Undoubtedly if there had been no such legislation in 1873 we should have been obliged to have followed the action of France, which stopped the free coinage of the standard silver dollar in 1875.

But to return to the causes of the decline of silver. After making all due allowance for the effect of the closing of European mints in depressing silver—the remedy for which is to be found only in international bimetallism—the chief cause of the decline of silver lies in the abnormal increase of production of silver in the face of a declining price.

INCREASE OF PRODUCTION OF SILVER.

Mr. Vance. I have heard a great deal about an alleged increase of production of silver since 1873; but I have here a statement of the secretary of a Western silver league, who has published a book called "Coin," in reply to a remark of Senator Sherman that this increase of production is the chief cause for this fall, which I will read:

"You will find by examining the table of silver production that, while during the first fifty years of this century the world produced 78 per cent. more silver (coining value) than gold, during the last twenty-one years (1873 to 1892) the production of silver (coining value) over gold has been less than 5 per cent."

This is an emphatic declaration that seems to show from official figures that proportionately more silver was produced before 1873 than in the twenty-one years after 1873.

Mr. Smith. I have official figures of gold and silver production for ten-year periods from 1800 to 1850 and five-year periods from 1850 to 1875, and from 1875 to 1895, both for the average annual production and the total production for each period, and, omitting the odd numbers and giving simply the round millions, they are as follows:

Average Annual and Aggregate Ten or Five Years' Gold and Silver Production.

Period.	Annual.		Total. In Millions of Dollars.	
	Gold.	Silver.	Gold.	Silver.
1800–1810	11¾	37¼	118	371½
1811–1820	7½	22½	76	224¾
1821–1830	9½	19	94½	191
1831–1840	13½	24¾	134¾	248
1841–1850	36¼	32½	364	324
1851–1855	132½	36¾	662½	184
1856–1860	134	37¾	670	188
1861–1865	123	45¾	615	228
1866–1870	129½	55½	648	278¼
1871–1875	115½	81¾	577	409
1876–1880	114½	101¾	573	509
1881–1885	99	119	495½	594¾
1886–1890	112	150	555	722
1891–1895	150	200	753	1004

(After examining this statement of Coin, Smith continues:)

Now, this silver publication conveys the impression that these figures prove that Senator Sherman's statement, that the production of silver has proportionately increased in the twenty-one years from 1873 to 1892, inclusive, beyond the production of a similar period before 1873, is the reverse of the fact. You so understand it, do you not?

Mr. Vance. Of course that is what everybody would suppose to be its assertion.

Mr. Smith. That, of course, is the impression that the general trend of the pamphlet's reply to Senator Sherman was intended to convey. But the cunning fellow who wrote it is careful to so phrase his reply as not to directly assert it, but to leave it implied. After much loose talk he finally ventures to be specific in the paragraph you have read. You and others seem to have swallowed this summary of official figures as a conclusive reply to the Senator, thus showing how easy it is to deceive in monetary discussions.

Senator Sherman's statement was that the production of silver in proportion to that of gold increased in the years between 1873 and 1892 beyond what it was in the twenty-one years preceding. Coin replies that this is the reverse of the fact, and then proceeds to compare the production, not with twenty-one years before that date—as candor, not to say honesty, in the use of statistics demands—but with the fifty years from 1800 to 1850, omitting entirely the twenty-one years immediately before 1873.

Mr. Burns. Is that so? I should be afraid to put the slightest confidence in a man who would attempt to mislead in that way.

Mr. Smith. Well, here is the book; read for yourself and see if that is not exactly what he has done. And this is a specimen of the misleading treatment of the subject all the way through.

A HIATUS OMITTED BY "COIN."

Mr. Burns (after reading). It is as you say, although, as I read the page hurriedly, I did not notice the trick. Now, won't you add up the figures and give us the total production of gold and of silver twenty-one years after 1873 and twenty-one years before, giving the coinage value of each, as this pamphlet does?

Mr. Smith. That is what I have done, and here are the totals for each period. The production of gold twenty-one years before 1873 was $2,510,575,000, and of silver (coining value) $989,265,000, or 150 per cent. more of gold than silver. Production of gold twenty-one years after 1873 was $2,157,197,000 and of silver $2,246,519,000, or 5 per cent. more of silver than gold.

In other words, while the production of gold was a little less between 1873 and 1892 (inclusive) than it was between 1852 and 1873, the production of silver in the twenty-one years since 1873 has been 125 per cent. more than in the twenty-one years before. Yet in the face of this obvious fact, told by the very tables that he refers to, this 16-to-1 silver advocate so manipulates figures by omitting entirely the "twenty-one" years before 1873 as to seem to show otherwise.

Mr. Vance (after examining the figures). I must confess that I was misled by the statement I read. Yet it seems that between 1800 and 1840 silver production was even larger in proportion to gold production than between 1873 and 1892.

Mr. Smith. You must bear in mind that no intelligent comparison can be made of monetary demands and conditions from 1800 to 1840 with the strikingly changed conditions of the last twenty-five years. In the first forty years of this century silver constituted the chief money of Europe and other countries; but in the last forty years, in consequence of the immensely larger transactions, the use of gold has proportionately increased and that of silver has increased much less. This tendency cannot be changed by legislation, and it is a factor that must be reckoned with.

It is for this reason that it is absurd to go back to the silver production of 1800 for figures to compare with silver production since 1873, especially when the figures from 1851 to 1873 are before us.

Mr. Jones. What has been the silver production (coinage value) of the world in the past five years as compared with that of the five years before 1870?

Mr. Smith. The silver production from 1865 to 1870 was, in round numbers, two hundred and seventy-eight millions and the gold production six hundred and forty-eight millions, while from 1890 to 1895 the silver production was one thousand and four millions (almost four times what it was in the first period) and the gold production seven hundred and fifty-three millions. A simple statement of these figures, bearing in mind that between 1865 and 1870 silver was worth nearly $1.35 per ounce, while betwen 1890 and 1895 it was worth considerably less than $1 per ounce, ought to convince the most prejudiced not only that there has been an abnormal increase of silver, but also that the cost of production must have largely declined, entirely outside of the influence of the closing of European mints to free coinage of silver.

Mr. Vance. I must confess that this increase of production of silver, under the circumstances, does seem to indicate that the discovery of richer mines and new and more economical processes has cheapened silver somewhat; but has not the reduction of demand for silver, caused by closing the mints to free coinage of silver, had a still greater influence in depressing it?

Mr. Smith. As I have already said, both causes have had their influence; and it is impossible to tell how much is to be ascribed to one cause and how much to the other, although the great increase of production of silver in the face of a constantly falling price indicates that the reduction of cost of production must have been the more important factor.

THE MONEY OF THE WORLD.

There is an impression that because the European mints no longer give free coinage to silver, therefore silver is not used much as money. But, as a matter of fact, Europe still uses an immense quantity of silver as money. Indeed, there is about the same amount of silver as gold used to-day by the whole world as money—about four thousand millions of each, all of which but four hundred millions is full legal tender.

Of this silver one thousand eight hundred and fifteen millions are in India, China, and other Eastern countries that use only silver, leaving about one thousand six hundred millions of full legal-tender silver, with six hundred millions of limited tender silver, and four thousand millions of gold, with two thousand five hundred and thirty-three millions of uncovered credit money for the rest of the world.

The gold and silver and credit paper money of the leading commercial nations, all of which have a gold standard, is thus stated by the Director of the Mint:

	Gold.	Full Legal-tender Silver.	Limited Tender Silver.
United States	$625,600,000	$549,700,000	$75,600,000
France	825,000,000	434,300,000	59,900,000
United Kingdom	550,000,000		112,000,000
Germany	625,000,000	105,000,000	110,000,000
Belgium	55,000,000	48,000,000	6,900,000
Norway and Sweden	13,800,000		6,700,000
Denmark	14,200,000		5,400,000
Austria	130,000,000	81,000,000	40,000,000
Total	$2,839,600,000	$1,218,000,000	$414,500,000

You will see that this country has five hundred and forty-nine millions of full legal-tender silver, including the one hundred and thirty millions of silver back of that amount of Treasury notes, in addition to seventy-five millions of subsidiary silver, an aggregate of six hundred and twenty-five millions of silver money—almost exactly the same as we have of gold (one thousand two hundred and fifty millions of gold and silver), whereas in 1860 we had only two hundred and fifty millions of both gold and silver money, of which not over fifty millions was silver, not over fifteen millions of this silver being full legal tender.

Mr. Burns. I am surprised at these figures from the report of the Director of the Mint, for I had got the impression from statements made by Coin that the world had deprived itself almost entirely of silver as money, whereas it seems that to-day as much silver is being used as money as there is of gold. I suppose, however, that very little silver has been coined in the world the past few years, and that this may have had a specially temporary depressing influence on silver.

Mr. Smith. I know that this is alleged to be the case, and yet the world has used far more new silver as money the past five years than ever before. The Director of the Mint states in his last report that while up to 1865 less than $28,000,000 of new silver was coined in any one year, yet the silver coinage of the world in 1893 was $135,000,000, of which one hundred and twenty millions was new silver—four times as much as was coined in any one year before the war. In 1893 Mexico coined twenty-eight millions of silver, India thirty-nine millions, Austria eighteen millions, Japan twelve millions, this country eight and three-quarter millions (fifty-four millions annually having been used by us as money for each of the three previous years), Great Britain five millions and Germany two millions.

Mr. Jones. Evidently those who are asserting that the world is now deprived of half of its money because of what they call "demonetization" don't know what they are talking about.

A CONDITION OF UNLIMITED COINAGE.

Mr. Smith. Many of them do not want to know. The difficulty which we are trying to get the commercial world to unite with us in overcoming is not that silver is not used by the world to as great extent as gold as money (for it is), but that the leading commercial nations do not coin it as full-value money, which is essential in free and unlimited coinage, but as token money that must be maintained at par directly or indirectly by redemption. Of course silver monometallic countries on a silver basis, like Mexico and China, do coin it as full-value money, but at such a ratio as drives out gold and gives them only silver.

What we are seeking to do is to secure the co-operation of a sufficient number of the leading commercial nations in an international agreement on a coinage ratio that can be maintained with free coinage, and thus give us and these co-operating nations both silver and gold as our final redemption money. Experience has shown that no one country can bring this about alone—certainly not at any such ratio as that proposed by the 16 to 1 silver men.

Mr. Vance. I have here a free coinage book which states that when there is free coinage of both metals by any one country, like the United States, at any ratio, an unlimited demand is created for silver at the fixed price established by the ratio thus determined, and that this at once makes a price for silver for the whole world. This book says that is conceded.

Mr. Smith. As Josh Billings quaintly remarked, "It is better not to know so many things than it is to know so many things that ain't so." What you have read in that book is an absurd exaggeration of the bimetallic theory as expounded by its scientific defenders. They never claimed for the compensatory or altering principle of bimetallism any such potency as this.

They simply claimed what is true, that where several leading commercial countries adopt substantially the same coinage ratio for gold and silver, and that ratio when fixed approximates the bulion ratio, then whenever one of the metals begins to rise the demand for the cheaper metal is increased and the demand for the more costly metal is diminshed, and this alternating increase and decline in demand tends to maintain the two metals at an equilibrium so long as the condition of production does not materially change, and the potency of this compensatory principle depends upon the commercial strength of the union of countries opening their mints at a common ratio.

Mr. Vance. But if the United States stands ready to take all the silver that is brought to our mints at $1.29 per ounce (which is the price required to make the coinage ratio 16 to 1) and pay for it in silver dollars coined from the silver bullion, why does that not make a price for the world's silver?

Mr. Smith. I remarked at the beginning of our discussion that the "fiat" fallacy of money is at the bottom of this free silver, 16 to 1, movement. And Mr. Vance now owns up. You assume that when the Government, under free and unlimited coinage, stamps 50 cents worth of silver "one dollar" and gives it the legal-tender power, then this "fiat" of law at once adds 50 cents to the value of the silver and makes it worth everywhere 100 cents, as good as a gold dollar, and to an unlimited extent.

Mr. Jones. As I understand it, under free coinage the Government does not buy any silver; it simply takes the silver brought to the mints by private owners and coins it into silver dollars containing 412½ grains of standard silver. Why, then, do you say that the Government by this operation fixes the price of silver at $1.29 per ounce, in the face of the fact that silver can be freely bought in the market for half that price.

WHAT UNLIMITED COINAGE OF SILVER MEANS.

Mr. Vance. Because the owner of the silver receives one silver dollar and twenty-nine hundredths of a silver dollar for each ounce of his silver. So long as any owner of silver can exchange his silver in this manner it seems to me as if the price was fixed at that figure for the whole world.

Mr. Smith. Don't you see that what the owner receives for each ounce of his silver dollar is what one silver dollar and twenty-nine hundredths of another dollar will bring in the market? And that after a brief time, under free and unlimited coinage, the value of this dollar and a fraction will be simply the value of so much silver bullion?

In other words, free and unlimited coinage of silver don't create an "unlimited" demand, but simply the limited demand for that kind of coin in the country where minted. Neither does it establish a "fixed price"—only the varying price of so much bullion.

You have simply fooled yourself by your talk of an unlimited demand at a fixed price, and all because you have swallowed whole the "fiat" fallacy of the nature of money.

Mr. Burns. As you remarked a little while ago, it seems to me that if Government can make a piece of silver worth anything it stamps on it, it would be far better not to waste 50 cents' worth of silver in making a dollar, when an almost valueless piece of paper can be made a dollar by having the Government stamp it such. It looks to me as if the old fiat greenbackism was much better than this modified form of silver "fiatism."

Mr. Smith. You are right. The only influence that free and unlimited coinage of silver can have on the value of the coin and the silver of which it is made is that exerted by the probable increase of demand for silver; but the increased demand arising from the opening of the mints of only one country would be too small to materially affect the price. A union of leading commercial nations on a fixed common ratio, having regard for the bullion ratio, would exert a potent influence not only in somewhat raising the price of silver bullion, but also especially in steadying the relative value of the two metals by the influence of the alternating or compensating influence of bimetallism of which I have spoken.

THE FRENCH EXPERIENCE.

Mr. Vance. I read in "Coin" that for over seventy years, from 1800 to 1873, France maintained silver and gold at a market ratio of 15½ to 1 by opening her mints to the free coinage of silver at 15½ to 1. If France alone did this, why can't the United States, which is a more populous and important country than France, by independent action maintain free and unlimited coinage of both metals and keep them together as France did?

Mr. Smith. There are two answers to the assertion. First, that not only France, but all Europe (England excepted) coined silver at approximately the ratio of 15½ to 1 from 1800 to 1870; so that whatever influence was exerted on the piece of silver by governmental action was not exerted by France alone, but by nearly all Europe. And secondly, that during these seventy years there was no material change in the conditions and cost of silver production. The average annual production of silver was $37,000,000 from 1800 to 1810, $22,000,000 from 1810 to 1820, $19,000,000 from 1820 to 1830, twenty-four and three-fourths millions from 1830 to 1840, $32,000,000 from 1840 to 1850, $37,000,000 from 1850 to 1860, and $50,000,000 from 1860 to 1870—a change so small as to make stability a necessity; while the increase of production of silver since 1870 has been by leaps—$81,000,000 in 1875, $120,000,000 in 1880, $142,000,000 in 1888, $173,000,000 in 1890, and $196,000,000 in 1892.

Mr. Jones. How long were France and the other countries of the Latin Union (Belgium, Switzerland, Italy and Greece) able to withstand this early increase of silver production and the closing of the German mints in 1871?

Mr. Smith. In 1874, when the production of silver had reached only eighty-one millions, all these countries acting together found they could not overcome even the slight deviation of 5 per cent. from the ratio of 15½ to 1, and were obliged to suspend the coinage of full legal-tender silver. And not a dollar has been coined for private owners of bullion since.

The experience of France is a most complete demonstration of the impossibility of the United States alone opening its mints to the free and unlimited coinage of silver at 16 to 1 without driving out gold and making us a silver monometallic country.

In reply to an inquiry, M. Ribot, the French minister of finance, said a few months ago, in the Chamber of Deputies, that, while France was anxious to secure bimetallism and was ready to join with other nations to bring it about, yet that neither France nor any other country alone could accomplish this result.

THE EXPERIENCE OF THE UNITED STATES.

Mr. Burns. How about the experience of the United States?

Mr. Smith. As I have already said, the experience of the United States has shown the impotency of one country alone in materially affecting the market ratio of gold and silver by adopting a coinage ratio even but slightly different from the bullion ratio. The ratio of 15 to 1 adopted by the United States in 1792 undervalued gold about 2 per cent., and the result was that between 1792 and 1833 less than ten millions of gold were taken to our mints for coinage, while over forty millions of silver were coined. Of the forty millions of specie estimated by Secretary of the Treasury Gallatin to have been in this country in 1833, not even five millions were gold.

In 1834 we changed the ratio to 16 to 1, so as to secure gold as well as silver, but the new ratio undervalued silver about 2 per cent. The result was that even this small divergence from the actual bullion ratio brought less than thirty-five millions of silver to the mints between 1834 and 1854, while two hundred and fifty millions of gold (the cheaper metal) were coined. Indeed, the silver coined went to the melting pot so rapidly that in 1853 Congress was compelled to reduce the weight of subsidiary silver and make them token coins.

And I have already said of the two hundred and fifty millions of specie estimated by the Secretary of the Treasury to have been in this country in 1860 probably not over ten millions was full legal tender.

After such an experience as this it is absurd for anyone to claim that this country alone can maintain bimetallism by free and unlimited coinage of silver at 16 to 1 when the market ratio of bullion is 30 to 1.

Mr. Jones. I think it is clear that the only way we can have both silver and gold as our money under free and unlimited coinage is by making the coinage ratio approximately the same as the ratio of the bullion value of the two metals.

Mr. Smith. It ought to be apparent to every one that the Government cannot make 16 ounces of silver equal in value to 1 ounce of gold by fixing 16 to 1 as the ratio for free and unlimited coinage of silver and gold, unless approximately 16 ounces of silver will exchange for 1 ounce of gold in the markets of the world. To establish such a ratio when the market ratio is now about 30 to 1 is practically to say that we intend to have nothing but silver as our money and to make 50 cents' worth of silver the dollar and unit of value, for not one dollar of gold would be coined under such a law, and what gold we have coined would at once cease to be used as money.

THE EXPERIENCE OF MEXICO.

Mr. Jones. What has been the experience of Mexico, which maintains the policy of the equal and unlimited coinage of silver and gold at a ratio of 16½ to 1?

Mr. Smith. Well, let us look at that country near our own doors, which has tried and is trying the policy which is urged upon us ostensibly in the interest of bimetallism.

Mexico has unlimited coinage of both gold and silver at the ratio of 16½ to 1, valuing silver a little less than our 16 to 1 silver advocates propose, with a uniform charge of 4 per cent. for coining either metal. And after trying this policy ever since the market value of silver declined, resolutely refusing to join in any "crime of 1873," she has become what? Why, a silver monometallic nation on a silver basis, without any gold in her metallic money. That is what 16½ to 1 silver coinage has done for Mexico, and what 16 to 1 unlimited silver coinage would do for us.

Mr. Vance. But Mexico is a comparatively small country, and we cannot judge what free coinage at 16 to 1 by this country of 70,000,000 people will do by what has taken place there.

Mr. Smith. Why not? The "fiat" of Mexico is as potent within its limits as the "fiat" of the United States is within ours. Besides, Mexican dollars have an advantage over the silver coins of any other country—they are current in China, which has a population five times as great as the United States. The experiment of Mexico is practically the experiment of more than 400,000,000 people.

Mr. Jones. A gentleman who recently visited Mexico told me that he carried with him to that country some American silver dollars, which, having been coined for the profit of our own Treasury, are maintained at par with gold by indirect redemption by our Government, and that he frequently made a purchase of an article whose price was 50 cents and on giving to the seller one of our dollars, received the article which he had purchased and a Mexican dollar besides.

Mr. Smith. Certainly; for every dollar of our money has a purchasing power of 100 cents in Mexico as well as in this country; but every dollar of Mexican money, although called a dollar, has a purchasing power of only 50 cents there or here.

Mr. Vance. Prices there are higher than here, and that is a good thing.

Mr. Smith. Yes, prices are higher, just as they would be here if we should cut our dollar into halves and call each half a dollar. But notwithstanding prices are higher, estimated in Mexican dollars, not one article thus elevated in price will exchange for any more of any other product than it would have done before?

Mr. Jones. How is it with imported articles?

Mr. Smith. Every imported article sells in Mexico for twice as many dollars as before, with an extra charge for brokerage because of the uncertainty of the value of their money.

Mr. Jones. How does it affect articles exported by the Mexicans?

Mr. Smith. As all her exports are sent to countries on a gold basis, and to pay for them these countries buy silver exchange at a profit, with an added brokerage for the uncertainty of the value of silver, the Mexicans get less for what they export than they would if they were on the same basis as the leading commercial nations.

Mr. Burns. What has been its effect on labor?

Mr. Smith. Wages have not risen as much in Mexico as prices have risen. In other words, a depreciated currency has cheated the laborer, as it always does.

But it is getting late and we must postpone further conversation on this interesting question to some other evening. I can meet here again with you on next Monday evening if you desire to continue the discussion.

Mr. Vance, Mr. Smith and Mr. Burns (speaking together). By all means, let us continue this talk.

Mr. Smith. Let it be understood then that we will meet here next Monday evening and continue this conversation on silver and money.

SECOND EVENING.

It was five minutes earlier than the time set for the reassembling of the four neighbors who had met on a previous evening to talk over the silver and money question when Mr. Smith, Mr. Jones, Mr. Vance and Mr. Burns took their seats around the little table on which the lamp rested.

Mr. Vance, leaning back in his chair and holding up one end of a worn copy of the silver mine owners' pamphlet called Coin's Financial School, opened the conversation. After thinking over the facts brought out at our previous meeting I am not disposed to contend that silver has not fallen somewhat, but it seems to me that gold has risen much more than silver has fallen.

Mr. Smith. Even supposing this to be the fact, that would not change the situation. So long as the market ratio between silver and gold is 30 to 1 it is absurd to contend that the United States alone can set up a coinage ratio of 16 to 1 and obtain bimetallism, no matter what caused the divergence.

It is the fact of the market ratio with which we must deal, no matter whether it is caused by gold rising or silver falling, or both. Even if it were established that the divergence of the two metals from the old ratio of 16 to 1 was caused entirely by the rise of gold, this would not in any manner change the fact that the adoption of free coinage of silver at 16 to 1 would give us nothing but silver in our coinage.

Mr. Vance. But has not gold appreciated since 1873?

Mr. Smith. The opinion of experts like Professor Fawcett is that gold declined (many think 10 or 15 per cent.) between 1850 and 1865, in consequence of the increased production, notwithstanding most of the increased production was offset by increased demand; and that it appreciated between 1870 and 1891 just about as much as it declined between 1850 and 1865. The Director of the Mint, as well as Professor Fawcett, thinks that the largely increased production of gold since 1891—already larger than in the palmiest Californian and Australian days—has stopped the appreciation, and that the probabilities are strong that in the near future another decline of gold will set in.

But it must be remembered that by common consent gold varies less in value than any other substance—but a fraction of a cent in any one year—and that for this reason the commercial world makes it the international standard of value.

When gold was declining, between 1850 and 1860, even the "fiat" money men looked very kindly on gold, and were entirely content to have it the practical standard of value.

If it were true that gold has risen and silver remained stationary—which it is not—this fact would furnish an excuse for reducing the weight of the gold dollar, but not the slightest ground for trying to have free coinage at the ratio of 16 to 1. The ratio would still be 30 to 1 if the gold dollar should be reduced one-half and the silver dollar be left as it was.

Mr. Burns. That is evident, and yet at first view many overlook this fact.

INCREASE OF GOLD PRODUCTION.

Mr. Smith. I ask you to notice particularly the large increase of the world's production of gold since 1890, as shown by the figures I read the other evening from the report of the Director of the Mint:

1890	$118,489,000	1894	$170,000,000
1891	130,579,000	1895	203,000,000
1892	146,817,000	1896 (estimated)	250,000,000
1893	157,000,000		

Mr. Vance. But with the world's production of gold this year estimated at $203,000,000, is not a large proportion of it used in the arts, so as to leave almost none for coinage?

Mr. Smith. The Director of the Mint estimates the world's annual consumption of gold in the arts at $60,000,000, and Mr. Soetbeer at $90,000,000, and taking the highest estimate the gold remaining for new coinage in 1895 would be $133,000,000 and in 1896 about $160,000,000. Bearing in mind that the precious metals used in coinage are not consumed from year to year, but added to the accumulated stock, this annual increase of $150,000,000 in the world's stock of gold money is noteworthy, especially in view of the fact, as stated by Professor Fawcett, that Great Britain requires only $15,000,000 of new gold for monetary purposes each year.

Mr. Vance. Coin assumes that gold has appreciated 50 per cent since 1873.

Mr. Smith. "Assumes" is good. There is not the slightest evidence of anything of the kind.

Mr. Vance. Coin, if I understand him, claims that prices have declined 50 per cent since 1873, and as gold is the measurer of prices, that this proves that gold has risen 50 per cent.

Mr. Smith. I shall take occasion before we are through to show you that between 1873 and 1892—and of course the great fall of prices the past years is due to exceptional causes entirely outside of gold or silver—the average decline of prices, as shown by Labor Commissioner Wright's investigations under the direction of the Senate Committee on Finance, in 1891-92, was only 29¾ points. And between 1879 (when we resumed specie payments) and 1892 only

4½ points. Of course the prices of 1873 were inflated by a depreciated currency and the effects of the war, from which we did not fully recover till 1878, and are not a fair basis for comparison.

Coin makes his argument entirely on cotton and wheat, which declined more than other products, for reasons of which I will hereafter speak.

Everybody knows that all products into whose production machinery or other labor-saving devices enter are constantly and naturally declining under the stress of competition, and it is simple nonsense to contend that a fall of prices of such articles shows that gold, which measures prices, has appreciated to the extent of the decline of prices.

By taking all articles together—all machine-made articles naturally decline—a fall in prices of only 4½ points between 1879 and 1892 shows that there could have been very little of the decline due to an appreciation of gold.

THE STANDARD OF VALUE.

Mr. Jones. Much is said now about a double standard. It seems to me from what you have said that there can be practically but one standard in any country at the same time.

Mr. Smith. Strictly speaking, that is true. The term double standard, which seems to me to be an unfortunate term, is used by financial writers as a synonym of bimetallism and simply means that the dollar unit is measured in two money metals adjusted to each other at such a ratio as to be equivalent in value, thus making two equal units but one and the same, therefore really one standard so long as the equality continues. And, of course, their idea is that the equality shall be maintained in fact. So long as the equality of value of the two metals is preserved and both gold and silver circulate concurrently the standard is gold or its equivalent, but both metals are used as money.

But our 16-to-1 silver advocates mean by "double standard" that silver shall be coined at such a ratio to gold that only silver will be minted. This is a "double standard" on paper, but in fact a single silver standard and a single metal (silver) used as money.

It is for this reason that, if we should to-day authorize the free and unlimited coinage of silver at 16 to 1, the silver dollar would at once become the practical unit, and thus our unit or standard of value would be suddenly changed from the gold 100-cent dollar to the silver 50-cent dollar, and nothing but silver would be used as money. I think those who advocate this change hardly realize the shock such a sudden change would give to business and what a panic it would create. A railroad collision would be a pastime compared with it. When we changed from gold to a depreciated paper standard in 1861-1866 it came about so gradually that the change was slowly discounted.

Mr. Vance. Inasmuch as a silver dollar of 412½ grains of standard silver was the legal unit prior to 1873, why not return to it?

Mr. Smith. As I have said already, the silver dollar was no more a legal unit between 1792 and 1861 than the gold dollar, and not the practical standard at all after 1884. The practical standard was the gold dollar from 1834 to 1861, and from 1861 to 1879 the depreciated greenback dollar.

The objection to now making 412½ grains of standard silver as a legal unit is that silver is not what it was in 1792, nor even from 1834 to 1861. It has, first, greatly depreciated in consequence of a reduction of cost of production; second, the changed conditions of production have made it much more variable in value and therefore less suitable as a standard than it was a hundred years ago; third, all the leading commercial nations, which a hundred years ago made silver their standard, now make grains of gold their unit or standard of value, so that in fact international prices are everywhere fixed in gold and not in silver.

Mr. Vance. When gold is made the standard we make our dollar cost twice as much as we do when silver is made the standard.

DISTINCTION AS TO GOLD AND SILVER COINAGE.

Mr. Smith. Not if we coin both metals at their bullion ratio. Of course, if we coin silver at its bullion value and gold at twice its bullion value, we should make one dollar twice as valuable as the other. The question as to what any country will make its standard is entirely distinct from the other question as to how many grains it will put in its unit. We can depreciate our dollar unit just as well by making 13.3 grains of standard gold the unit as by making 412½ of standard silver the unit.

If we intended to depreciate the dollar one-half, and at the same time keep both metals in our coinage with free and unlimited coinage it would be a great deal better to diminish the weight of our gold one-half than to diminish it one-half by establishing free coinage of silver at 16 to 1. In the former case we should have 50-cent dollars of both silver and gold, and in the latter case we should have 50-cent dollars only of silver and no gold.

Mr. Jones. That is a good idea. If we are going into the business of depreciating our dollar so as to pay our debts easier—for I suppose that is the real animus of the 16-to-1 free silver movement outside of the silver-mine interest—it is better to do it squarely, by reducing the weight of the gold dollar one-half, and then coining the 412½-grain silver dollar alongisde of it, as in that case we should have both gold and silver dollars of equal value and real bimetallism. That would be free coinage at a ratio of 30 to 1, whereas free coinage at 16 to 1 would give us nothing but silver.

Mr. Smith. That is it. Nobody would be deceived by that, although I presume when fully stated the men who want to depreciate the dollar like the deceptive method better.

Mr. Burns. What could possibly be gained by bimetallism with silver for the unit of value over gold for the unit, if it is proposed to coin at such a ratio as will give us both metals as money?

Mr. Smith. Obviously nothing. There would be a loss, however, in adopting a different metal as the standard of value from that adopted by the controlling element of the commercial world; and, worse than that, we should have so variable a standard of value as to subject us to constant friction and brokerage to compensate for the uncertainity of the future value of silver.

Indeed, there is another view of it which ought to impress the advocates of a cheap dollar. This is that silver has fallen in value, and is undoubtedly too low to-day to encourage its production; and if we should now adopt a silver standard we should soon find our dollar increasing in value. Would it not be funny to see the advocates of a silver basis to-day contending, if silver should rise, that debts contracted under a silver basis were being increased by the rise of silver and advocating the making of copper the unit of value to protect debtors?

INTERNATIONAL BIMETALLISM.

Mr. Jones. It seems to me that nothing is clearer, from the examples you have given, than that the influence on the price of silver of unlimited coinage of both metals by any one country alone is very small, but that when the leading commercial nations unite on a coinage ratio, under free coinage, they together exert a very strong influence, not only in maintaining the relative price of the two metals, but also in steadying their value.

Mr. Smith. You are right. The influence exerted is that of demand for monetary uses. The demand of one country exerts a slight influence, but the demand of the leading commercial nations acting in unison at a fixed ratio is a potent force, although of course even the united demand of the leading commercial nations must have regard to the probable production of each metal at the coinage ratio.

The small influence of the United States alone in maintaining the price of silver is shown by our experience under the Bland silver-purchasing act of 1878 and the amendatory act of 1890. Under the former act we purchased about $27,000,000 worth of silver annually for fifteen years to use as money, and silver continued falling every year. Under the act of 1890 we purchased for three years 54,000,000 ounces of silver annually, over a third of the world's product, and substantially the whole of the American product; and yet, after a brief speculative spurt, the price of silver went on declining, simply because the new demand we had created, promising an increase of price that offered a big profit, simulated production.

Now, with free and unlimited coinage of silver at 16 to 1 the United States could not coin so much silver in three years as we purchased from 1890 to 1893. How absurd, therefore, it is for any one to contend that free coinage by this country alone would raise silver from 68 cents to $1.29 per ounce.

On the other hand, the influence exerted by nearly all Europe, as well as the countries of this continent, coining silver and gold at substantially the same ratio prior to 1870, was well shown during the great increase of gold production between 1850 and 1860. To be sure, during that period the increase of gold was offset by a general tendency throughout the world to use more gold and less silver as money—a tendency arising from the greater convenience of the less bulky money as transactions increased in magnitude, and which of course is beyond the reach of law.

WE BEAR THE BURDEN.

Mr. Burns. I think you have made it clear that international bimetallism is the only practical bimetallism, and that we should steadily seek to bring that about.

Mr. Jones. And so long as we give Europe hope that we propose to sustain silver alone, Europe will look on and let us bear the burden.

Mr. Smith. That is so. Nothing is exerting so great an influence to prevent the successful reestablishment of bimetallism as the 16 to 1 free silver agitation in this country, which encourages Europe to think that we will continue to assume the burden alone.

Mr. Vance. But if no leading commercial nations of Europe will unite with us in international bimetallism, isn't it our duty to try it alone?

Mr. Smith. I have clearly shown that neither the United States nor any other nation can secure bimetallism alone, certainly not at any such ratio as is proposed, and the silver-mine owners won't permit a ratio equivalent to the bullion ratio. For us to attempt it alone at a ratio of 16 to 1 is simply to drive out gold and have nothing but silver. There would be no serious opposition to coining silver at its bullion value—certainly none beyond the fact that its bullion value would be unstable if European nations did not unite with us.

Mr. Vance. But we didn't drive out gold after 1878 when we began again to coin silver. On the contrary, our gold increased.

Mr. Smith. I have already explained that the silver dollars we have coined since 1878 have been coined by the Government for its own profit, and maintained at par with gold by limitation and indirect redemption. Of course such money is equivalent to gold. But silver coined under free and unlimited coinage for private owners of bullion is a very different thing, and depends entirely on the value of the bullion.

I have little doubt that if we hold where we are, sooner or later enough European nations will unite with us to make bimetallism a success.

All authorities in bimetallism, both in this country and Europe (outside of some politicians in this country), hold that bimetallism is possible only by a co-operation of leading commercial nations. President Andrews, Professor Walker, and the late Dana Horton are pronounced in their opposition to the 16-to-1 silver movement, regarding it as sure to bring, not bimetallism, but silver monometallism.

THE ATTITUDE OF THIS COUNTRY AND FRANCE.

Mr. Vance. Then it seems to me that the alternative this presents is the gold monometallism which we now have, unless we can persuade other countries to unite with us in restoring bimetallism. As between our gold monometallism and silver monometallism I prefer silver monometallism.

Mr. Smith. You are entirely mistaken in assuming that we now have gold monometallism. Great Britain is a gold monometallic country, because it coins no full legal-tender silver, using only a small quantity of silver for subsidiary coins.

But the United States and France—for both are pursuing the same policy toward silver—are limited bimetallic countries which use a large volume of full legal-tender silver, and are steadily seeking by international action to bring commercial countries into an international agreement on a coinage ratio under free coinage that will insure full bimetallism.

The United States, as I have already stated, uses over six hundred millions of silver as money—as much silver as gold—of which five hundred and forty-nine millions is full legal-tender. And France uses a little more than half as much full legal-tender silver as she does gold.

We hear much said about what is styled the "unfriendly attitude" of the United States toward silver, and yet as a matter of fact this country has gone to the very verge of safety, if not beyond, in its efforts to maintain silver as a money metal and meet the wishes of silver-mine owners. After what we have done it is rank injustice to stigmatize any considerable body of our people as "silver haters" or "goldbugs."

Mr. Jones. That is, the situation demands that we shall hold on to the limited bimetallism we now have, which gives us five hundred and forty-nine millions of full legal-tender silver, until we can persuade leading commercial nations to unite with us on an international coinage ratio that can be maintained. And this is just what France is doing.

ABOUT "BASIC" MONEY.

Mr. Vance. But notwithstanding we as well as France use this large volume of full legal-tender silver, yet, as Coin says, none of this silver is final-redemption money; therefore really as to basic money we have nothing but gold.

Mr. Smith. You mean by "basis" or final-redemption money, property money, which has in itself the full value that it purports to be.

That kind of money must necessarily be gold or silver coined at its actual bullion value—money worth just as much before the piece of metal is coined as after; and the only reason we do not have silver money of that kind is that you and the 16-to-1 silver men who agree with you will not allow it to be coined at its bullion value.

In other words, you insist that it shall be coined at a ratio which prevents it from being "basic" or final redemption money, and not at its bullion ratio, and then turn around and find fault because our silver is not final-redemption money, i. e., money of full value intrinsically.

Mr. Vance. But we insist that silver would be final-redemption money if it should have free coinage at 16 to 1.

Mr. Smith. Yes, final-redemption money for whatever the silver in each dollar is worth, but no more, just as silver bullion is now practically final-redemption money for what it will sell for. Your 16-to-1 plan contemplates that our only "basic" money shall be silver, as gold would be driven out.

No one would welcome any plan that would assure both silver and gold as final-redemption money more heartily than myself. What I object to is the 16-to-1 plan, that would leave us nothing but depreciated silver as "basic" money.

The claim of the 16-to-1 free silver men that they are "bimetallists" is without any foundation. They are silver monometallists and friends of a silver basis.

Mr Burns, I am fully convinced that is the fact.

VOLUME OF CURRENCY.

Mr. Vance. The remonetization of silver would have a most beneficial effect on prices by increasing the volume of our final-redemption money, for, as Coin says, this volume largely determines prices.

Mr. Smith. So far as the volume of money in any country affects prices it makes no difference what the character of the money is so long as it is equal in value to gold. Our present volume of silver and paper, and even substitutes for money, like checks and bills of exchange, have the same effect on prices as gold money has. Indeed, it is only money used that affects prices. Money unused don't affect prices.

Mr. Vance. I think the source of our trouble is want of sufficient money to transact business.

Mr. Smith. Even if this were so, your 16-to-1 scheme, which would drive out gold, wouldn't give us more money, but much less. Indeed, by injuriously affecting its quality, it would seriously affect our business.

But as a matter of fact we never had so much outstanding money as we have had the past few years (sixteen hundred millions), about twice as much per capita as we had before the war.

The trouble is that on account of distrust, which causes depression of business, only a part of our money is used. A large part is unused. We find money apparently scarce because it is inactive, while in fact the outstanding volume never was so large. You confound inactivity, caused by want of confidence, with scarcity; and your remedy is to so manipulate the currency as to increase the distrust. You might add hundreds of millions to the currency and make matters worse by increasing the distrust.

You must remember that however much money is authorized nobody can get it without paying for it. Even with free coinage of silver at 16 to 1 only the owners of silver bullion can take advantage of it. And they won't give away their dollars, you may rest assured.

BIMETALLISM WITHOUT GOLD.

Mr. Vance. Let me read from Coin's Financial School:

> In this controversy one point should never be lost sight of, and this is that higher prices—bimetallic prices— will come with the remonetization of silver (through free coinage at 16 to 1 by this country alone), even though gold goes to a premium.

Mr. Smith. Have you stopped to think of the supreme nonsense of the bombastic paragraph you have read from your silver leader? "Though gold goes to a premium" (which would of course take gold out of circulation), he proposes through free coinage of silver at 16 to 1 to have bimetallism. Don't you realize the absurdity of bimetallism without gold?

SILVER AND PRICES OF EXPORTS.

Mr. Vance. But we claim that giving free coinage to silver at 16 to 1 will enable us to keep our gold. Let me read from Coin:

> The way to keep our gold is to remonetize silver. Remonetization will give us higher prices for our exports and will make a balance of trade in our favor large enough to bring us both English gold and silver.

Mr. Smith. Is it possible you swallow as gospel truth the statement that free and unlimited coinage of silver at 16 to 1—which is what this writer means by remonetization of silver—will increase the prices of our products in England?

Mr. Vance. Why not, if it would increase the prices here?

M. Jones. You seem to think that an increase of prices here caused by cutting our dollar (for that is what 16 to 1 free coinage would do) is a real increase of the exchangeable value of our exported products. As Mr. Smith has said, we do not have any more cloth when we measure it with an 18-inch yardstick than when we measure it with a 36-inch yardstick, notwithstanding we continue to call the half-yards yards.

Mr. Burns. I know from experience during the times we had a depreciated greenback dollar that prices raised by diminishing the value of the dollar simply delude us and benefit no one except speculators. As I have already said, a depreciated currency always injures the laborer.

Mr. Smith. What you have said is all true, but I want to call Mr. Vance's attention to the fact that when we sell our exports in English markets the prices are estimated on a gold basis and not on a silver basis. If we should make one dollar 50 cents, and thereby appear to double prices here, that would have no effect on prices in England or other countries in Europe, where prices are estimated in gold; on the contrary, it would diminish the return of the former by imposing a brokerage charge because of the fluctuations of silver.

A SILVER BASIS.

Mr. Vance. I have here a pamphlet on A Silver Basis, published by the American Bimetallic Association, written by Mr. Hillyer, in which it is said that bimetallism, as we understand it:

> Is not the constant contemporaneous circulation of both gold and silver, but that when the silver dollar becomes cheaper than the gold dollar the employment of gold should cease and the entire money service be performed by silver alone.

Mr. Jones. Then the bimetallism which you 16-to-1 free-coinage men expect is that "the employment of gold should cease and the entire money service be performed by silver alone," if under free coinage of silver at 16 to 1 silver should be cheaper than gold?

Mr. Vance. That is what I understand.

Mr. Smith. I wish all the 16-to-1 silver men were as frank as you are. We could then squarely meet the question of a "silver basis" which the American Bimetallic Association pamphlet advocates. Isn't it an imposition to call a scheme "bimetallism" which contemplates the use of silver alone as money? Don't you think that the American Bimetallic Association, which indorses this pamphlet by sending it out and placing its imprint upon it, had better change its name to American Monometallic Association, so that its name may agree with its purposes?

Mr. Burns. I think that would be the honest thing to do.

Mr. Vance. I am gratified to say that I am in favor of silver monometallism and a silver basis; and I think this pamphlet has clearly shown that it would be better for us to have silver and let our gold slide than to go along as we are.

OUR FOREIGN TRADE AND A SILVER BASIS.

Let me read from this pamphlet the advantages which would come to our foreign trade on the whole. While admitting that the adoption of a silver basis might "increase the fluctuations of the rate of exchange" in our trade with the gold-standard nations of the world, and of course hamper and injure this part of our foreign trade, yet he says their population is only 300,000,000; and what we would lose in our trade with them "would be offset by closer trade relations that would come with the silver-basis countries, whose population is 900,000,000."

Mr. Smith. Yes, I have heard that plea privately made before; and I am glad the American Bimetallic Association is getting up its courage to avow that a "silver basis" is what they expect and to squarely defend it.

Now let me examine the claim that our foreign trade with silver-basis nations is more important than that with gold-standard nations.

OUR TRADE WITH SILVER COUNTRIES.

In the first place, this pamphlet includes Russia, Argentina, Brazil, and the Spanish, French, English and Danish West Indies among the silver-basis countries. The first three are on a depreciated paper basis and the remainder on a gold basis; so that 150,000,000 of population must be deducted from the 900,000,000 assigned to the silver-basis side, leaving 750,000,000 to 350,000,000 on the other side.

Now, as a matter of fact, the 350,000,000 people that are on a gold basis consume of imported products far more than the 750,000,000 on a silver basis. The fact that they are on a silver basis—which, the writer admits, subjects a people to "greater fluctuations in exchange," that is, greater friction and expense—shows that they are not so far advanced, and have a lower standard of living and consume less.

Mr. Jones. Can you give us the aggregate value of our exports to gold-basis and also to silver-basis countries?

Mr. Smith. I can. I find by the report of the Bureau of Statistics that in 1893, of over one thousand six hundred millions of foreign trade, nearly one thousand three hundred millions, or nearly 90 per cent. was done with countries on a gold basis, of which seven hundred and sixty-five millions was exports and five hundred and thirty millions imports, and only one hundred and seventy millions with countries on a silver basis, of which only fifty-two millions was exports and one hundred and seventeen millions imports, together with one hundred and fourteen millions of foreign trade with countries on a depreciated paper basis.

Mr. Burns. So it seems the 16-to-1 scheme proposes to hamper our foreign trade with gold basis nations, whose trade with us is one thousand three hundred millions annually, in order to get the trade of silver-basis nations, who deal with us to the extent of only $170,000,000. Is that the feast to which we are invited by the friends of a silver basis?

Mr. Smith. That is it. Why, our trade with Great Britain alone, which Coin proposes to exchange for that of China, in 1893 was $614,000,000, of which $421,000,000 was mainly agricultural exports from this country—eight times as much as all the silver-basis countries of the world took.

HOW TO DOUBLE THE VALUE OF PROPERTY.

Mr. Vance. But let me read again from Coin:

With silver demonetized and gold at a premium, not one-tenth the hardships could result that now afflict us. Why? First, it would double the value of all property; second, only 4 per cent. of the business of the people of this nation is carried on with foreign countries. Is it not better to legislate in the interest of 96 per cent. of our business than the remaining 4 per cent?

Mr. Jones. How would the free coinage of silver at 16 to 1 "double the value of all property?"

Mr. Vance. By doubling prices.

Mr. Jones. No man's property would have any higher value after you made 50 cents a dollar than before. Its price estimated in the new dollar unit would be doubled, but it would not exchange for any more of the things he wanted to buy than before.

Any man may sit down and call 50 cents a dollar, and multiply the price of property now worth $1000 by 2 and call himself worth $2000, and when he has gone through with this imaginative feat he will just as truly "double the value of his property" by this process as he would by having the Government depreciate the dollar to 50 cents by free coinage of silver at 16 to 1.

Mr. Smith. Yes; this is the "fiat" idea of money and wealth again. If depreciating the dollar one-half will double the value of all property, why be so modest when by calling a 25-cent piece a dollar we can quadruple "the value of all property?"

Mr. Burns. By using paper "fiat" money we could increase "the value of all property" a hundredfold.

Mr. Smith. This fellow Coin, whoever he may be, does not seem to know the difference between value and price. Doubling prices by depreciating the measure does not change value a particle. Cutting the yardstick in the middle and measuring with the 18-inch rule does not give you any more cloth. Value is the exchangeable relation of one product to all other products. Price is the relation of a product to the standard by which we measure values.

Mr. Jones. But I know from observation that when there is a depression in business it is the easiest thing in the world to make thousands believe any absurd theory relative to the influence of the currency on the situation.

Mr. Smith. If an inquirer will only exercise a little common sense in the matter, he will set aside the prices from 1893 to 1896 as exceptional for very obvious reasons; and then by comparing the prices of 1840 to 1860 or of 1879 to 1890 with those of 1891 he finds no difficulty in accounting for the 25 per cent. average decline of manufactured products by the increased use of labor-saving machinery and the reduction of profit by competition, and for the increase of prices of all agricultural products on the farm or at the market near the farm (except wheat and cotton) by the fact that they are produced mainly by hand labor, and by the increase of wages.

THE FALL OF PRICES.

Mr. Vance (with his finger on the page of Coin, professing to give the average prices of wheat and cotton in New York from 1873 to 1895) asked if it was not well-nigh certain that such a fall of prices must have been caused by an appreciation of our gold unit, in which prices are measured.

Mr. Smith. Why do you take 1873 as the point of comparison of prices?

Mr. Vance. Because that was the year silver was demonetized in this country, and this was the beginning of the fall of prices.

Mr. Smith. As a matter of fact, according to the tables of Labor Commissioner Wright, who made a careful investigation under the direction of the Senate Committee on Finance, prices began to rise soon after the inauguration of the war of the rebellion in 1861, and rose 36 1-3 points up to 1866, and then began to decline, falling 14 1-3 points in the seven years up to 1873, before what you call "the crime of 1873" was perpetrated, and when the law authorized free coinage of silver, and also fell 13½ points in the nine years between 1873 and 1882, when silver was demonetized.

If the "crime of 1873" caused a decline of 13½ points in prices in the nine years after 1873, pray what caused the decline of 14 1-3 points in the seven years before 1873?

Mr. Jones. Does not the fact that prices rapidly rose during our civil war 36 1-3 points and then after 1866 as rapidly declined 14 1-3 points to 1873, when the law allowed free coinage of silver, and 40 points to 1879, when the law did not allow free coinage of silver, clearly show that silver was not the cause of either the rise or the fall? It would be as logical to say that free coinage of silver caused the fall of prices between 1866 and 1873 as that repeal of free coinage caused the fall after 1893.

Mr. Smith. Certainly. A mere statement of these facts shows that the very natural cause of the rise of prices between 1861 and 1866 was the war, which took 2,000,000 men from the ranks of producers and made them destructive consumers, together with the depreciation of the currency consumers; and that the equally natural cause of the fall (aside from the ordinary causes of decline of prices of machine-made goods) was the return of the disbanded army to productive pursuits and the gradual recuperations and restoration of industries and of the currency to their normal condition between 1866 and 1879.

Mr. Burns. Evidently the rise of prices during the war and the gradual fall up to 1879 should be entirely set aside in any discussion of the course of prices. A big rise on account of the war was inevitably gradually offset by a corresponding fall during the period of readjustment and recuperation up to about 1879, when we got back to specie payments.

Mr. Jones. How much lower were average prices in 1879 than in 1860?

Mr. Smith. Only 3 1-3 per cent.

PRICES AND WAGES.

Here is Commissioner Wright's table of average prices of 246 articles and also of wages from 1840 to 1891, the prices of 1860 being represented by the index number, 100 as the basis of camparison, and the index number for each year indicating the rise or fall from that basis. I have added the London price of silver per ounce for each of the years named:

Year.	Average prices.	Average wages.	Prices silver per oz.
1840	116.8	87.7	$1 37
1843	107.5	86.6	1.28¾
1846	106.4	89.3	1.30
1849	98.7	92.5	1.31
1851	103.9	90.4	1 31¾
1856	113.2	99.2	1.34½
1860	100	100	1.35¼
1866	136.3	108.8	1.34
1870	117.3	133.7	1.37¾
1873	122	148.3	1.29¾
1879	96.6	139.9	1.13
1882	108.5	149.9	1.13½
1885	93	150.7	1.06
1889	94.2	156.7	.93½
1891	92.2	160.7	.98¾

Mr. Burns. What was the average decline of prices between 1879 and 1891?

Mr. Smith. Only 4½ points. That makes the fall of prices between 1860 and 1891 average only 7¾ per cent. The average fall of prices of manufactured articles was about 25 per cent.—some articles, like steel rails and wire nails and kerosene oil, falling 80 per cent. and others only 10 or 15 per cent. But agricultural products on the whole advanced in price 2 per cent between 1860 and 1891. The only two agricultural products that fell in price were cotton and wheat. Other agricultural products rose from 8 to 15 per cent.

Mr. Burns. Why do the 16-to-1 silver men always take only wheat and cotton when they are talking to farmers about the fall in prices?

Mr. Smith. For the obvious reason that if they took any other farm products they would have no stock in trade.

Mr. Jones. When they refer to wheat don't they usually take New York prices, so as to be able to make the decline on account of reduction of cost of transportation, said to be at least 25 cents since 1868, appear to be the farmer's loss?

Mr. Smith. Certainly; that is one of the tricks of these agitators. And they also take cotton because, in consequence of the utilization within a recent period of the former waste product of cotton seed, the real cost of production of cotton has been much reduced.

But I notice that it is getting late, and we must close for to-night. I have discussed somewhat the question of prices in connection with silver, and as these and payment of debts are the great stock in trade of the 16-to-1 free silver advocates, I desire to further consider them another evening, if you are willing to come here again next Wednesday evening.

Messrs. Jones, Burns and Vance (speaking together). By all means we will be here.

THIRD EVENING.

Just as the minute hand indicated the hour set for the third and last of the series of talks of the four neighbors on the silver and money question, and the last rays of the setting sun gilded the church spire across the street, Mr. Smith, Mr. Jones, Mr. Vance and Mr. Burns walked up the lane by the little red schoolhouse, in front of which waved the Stars and Stripes, entered the door of the old farm mansion, and took their seats around the old table. As promised at the last meeting, Mr. Smith said he desired to add a few words to what he had said at the last meeting on the question of prices.

PRICES OF FARM PRODUCTS ON THE FARM.

Mr. Jones. Have you the average prices in this country of leading agricultural products on the farm or in the market nearest the farm in recent years?

Mr. Smith. The report of the Statistician of the Agricultural Department for 1894 gives them for wheat, corn and oats from 1880. They are as follows:

Year.	Wheat.	Corn.	Oats.	Year.	Wheat.	Corn.	Oats.
1880	$0.95	$0 395	$0.36	1888	$0.925	$0.345	$0.278
1881	1.19	.635	.465	1889	.698	.283	.23
1882	.88	.485	.375	1890	.838	.505	.425
1883	.91	.425	.328	1891	.84	.405	.315
1884	.645	.358	.278	1892	.625	.395	.318
1885	.77	.328	.285	1893	.538	.365	.295
1886	.688	.365	.298	1894	.49	.458	.325
1887	.68	.445	.305				

The average price of wheat on the farms of the country between 1879 and 1889, it will be seen, was 84.5 cents, and between 1889 and 1891, inclusive, 81.5 cents; but between 1892 and 1894 it was only 58 cents. There was very little change in the average price on the farm until 1892, 1893 and 1894—since the exceptional depression of business and reduction of consumption. One-fourth less wheat per inhabitant was consumed in 1894 than was consumed in 1892. This shows what has had a potent influence in depressing wheat and other farm products in the past three years. The average farm price of corn, which is the most important farm crop in this country, between 1879 and

1889 was 39.3 cents, and it was 42.4 cents between 1889 and 1894; the average price of oats, first period, 31 cents; second period, 33 cents. And the value of our oat crop in 1894 was about the same as that of our wheat crop.

I have also the export prices at New York of bacon, lard, pork, beef, butter, and eggs, from the report of the Bureau of Statistics, which shows that all of these articles were higher on the average in the seven years from 1885 to 1892 than in the seven previous years.

Mr. Jones. You have given the average price of wheat on the farms, which of course includes the price on the farms of the East. Now, have you the average price of wheat in different years in Chicago, which gives us a better idea of the movement of the price of wheat at the West? The price in the New York market, given in "Coin," is obviously misleading, because in that fall of prices is included the decline of cost of transportation of wheat from Chicago to the seaboard, which has been 25 cents since 1868. This obviously is not the loss of the farmer or anybody else. for wheat could have fallen 25 cents since 1870 and still the Western farmer would get the same.

Mr. Smith. I am glad you called my attention to this. Here is the average price of wheat in Chicago for the years named:

Year.	Range.	Price.	Year.	Range.	Price.
1860	$0 66 to $1 13	$0 90	1877	$0 01 to $1 26	$1 30
1861	55 to 1 25	87	1878	77 to 1 14	90
1862	65 to 92½	80	1879	81 to 1 33	1 05
1863	80 to 1 12½	90	1880	86 to 1 32	1 08
1864	1 07 to 2 26	1 50	1881	95 to 1 43	1 16
1865	85 to 1 55	1 20	1882	91 to 1 40	1 14
1866	77 to 2 03	1 30	1883	90 to 1 13	1 00
1867	1 55 to 2 85	2 00	1884	69 to 96	82
1868	1 04 to 2 20	1 60	1885	73½ to 91½	80
1869	76½ to 1 46	1 10	1886	69½ to 84¾	77
1870	73½ to 1 31	1 02	1887	66½ to 94½	80
1871	99½ to 1 32	1 10	1888	71 to 2 00	1 10
1872	1 01 to 1 61	1 30	1889	75 to 1 08	90
1873	89 to 1 46	1 12	1890	94 to 1 08	90
1874	81 to 1 28	1 00	1891	85 to 1 16	1 00
1875	83 to 1 30	1 05	1892	69 to 92	80
1876	83 to 1 26	1 02	1893	54½ to 88	72

You will observe that the prices of wheat in 1860, 1861, 1862 and 1863 were substantially the same as the prices from 1884 to 1891. Of course the prices from 1864 to 1872 are the inflated prices due to the effects of war, from which we did not recover fully till 1879. The prices of wheat and cotton since 1892 have been abnormally depressed by the impairment of the consuming power of the people by causes that did not exist between 1879 and 1892. Wheat was higher in 1877, 1879, 1880, 1881, 1882, 1883, 1888 and 1891, after the so-called crime of 1873, than it was in any year from 1860 to 1863 or any year prior to 1848.

It is noticeable also that the price of wheat is subject to great fluctuations, dependent on the supposed shortage or excess of supply in the whole world.

Mr. Jones. Then, outside of wheat and cotton, which seem to have been exceptions to the rule for the reasons you have stated, farm products in recent years, up to 1892 at least, show no decline on the farm, the apparent decline in the great markets removed from the farm being mainly due to reduction of cost of transportation, which is a gain to the consumer and not a loss to the producer.

Mr. Smith. That is the fact. Of course, if prices have been diminished by the material appreciation of gold, all prices would have been uniformly affected.

COTTON AND WHEAT.

Mr. Jones. I can understand why cotton has fallen because of the utilization of cotton seed and the enormous increase of production, although, of course, it has not fallen so much as the agitators try to make out by taking the exceptionally big price during the reconstruction period. But why is it that wheat has fallen, while corn has maintained its price?

Mr. Smith. There are two reasons why wheat has fallen. First, it is the one agricultural product in whose production new machinery and cultivation on a large scale have recently entered, and secondly, it has had within a few years the increased competition of the wheat fields of South America and India, developed by the construction of railroads by the British Government.

Mr. Vance. Yes; and it is largely because England can buy silver at a discount and purchase as much wheat as ever in India with an ounce of silver that we find Indian competition so destructive.

Mr. Smith. And you propose to overcome this by having the United States alone adopt the silver basis of India, so that England can buy wheat of our farmers by paying them in depreciated silver instead of gold, as she now pays us. This is a remedy for low prices which England, from selfish considerations, would be glad to see us adopt.

Mr. Burns. Is it not singular that England finds men who are shouting fiercely against her, ready to go in for a policy that will enable her to come the same silver scoop on our farmers that they say she is using on the India farmers?

Mr. Smith. Before I pass from prices of farm products I want to give you figures of comparative prices of farm products in Maine in 1858 and 1892, furnished me by a Maine gentleman. It seems from these figures, which I will not stop to read, that the average prices of farm products in Maine (little wheat and no cotton being raised in that State) were 28 per cent. higher in 1892 than in 1858. The gentleman further informs me that this increase of average prices was mainly due to the increased introduction of manufacturing enterprises, which have furnished a home market for the products of the farm and saved the loss of cost of transportation.

Mr. Jones. I suggest that if our Western farmers would study such facts as these, and pay less attention to 16 to 1 silver schemers, we should find a practical remedy for hard times.

Mr. Smith. It should be borne in mind that there was very little difference in the average price of wheat and cotton for fifteen years before 1860 and the fifteen years from 1878 to 1892, inclusive. Cotton was 10 2-5 cents per pound in the former period and 10 2-3 cents in the latter period. Cotton was only 5¾ cents in New York in April, 1843. Wheat in Chicago averaged 92 cents in the former period and 98 cents in the latter period. The average price of wheat in Chicago from 1840 to 1846 was only 67 cents. It is since 1891 that the abnormally low prices of cotton and wheat have prevailed, and it is certain we shall have a higher range of prices as business recuperates.

ABOUT WOOL AND WOOLEN GOODS.

Mr. Vance. There is wool, which has declined 11 cents per pound within two years. How do you account for that except on the ground that gold, which measures its price, has appreciated? This is one of the articles to which Coin refers.

Mr. Smith. The world's price of wool is made by the great wool-producing countries of South America, Australia, and South Africa, where land costs almost nothing, labor is cheap, and the flocks do not have to be housed or fed. As their product has increased, produced at reduced cost, the world's price has naturally declined.

We imposed a duty of 11 cents per pound on clothing wool to protect our farmers and encourage wool-growing here. The election of 1892 decided, among other things, that this duty should be abolished, and as soon as this became known the price began to fall in anticipation of the removal of duty, as woolen goods are made many months before they go into consumption. Thus even before the duty was actually removed in August, 1894, the price here had settled down into a free-trade basis, and for this reason was 11 cents lower than before the election of 1892, and is now sold here at the world's price.

I may mention the fact that wool in London is no lower now than in 1892, a fact which shows that, so far as the price of wool indicates, gold cannot have appreciated since that time on the basis of your own arguments.

PRICES OF SILVER.

Mr. Jones. I notice that the present silver agitation finds its support in the abnormal fall of prices in the past two years in consequence of the paralysis of industries caused largely by the anticipation at first and subsequently the realization of disturbing tariff changes. By skillfully charging this exceptional decline to "the crime of 1873" the agitators have made many unthinking persons believe that it is really so.

Mr. Smith. That's so. Strange as it may seem, thousands have swallowed the charge that the so-called demonetization of silver in 1873 caused the exceptional fall of prices in the past two years, without stopping to ask themselves how it happened that there was so little fall in prices between 1873 and 1892, when this cause was operating just the same as in the past two years. By general consent the most prosperous period of this country was between 1879 and 1892.

Mr. Burns. Here is a picture in "Coin" presenting a contrast between what he calls the prosperous "bimetallic'' times of 1872 and the depression of the past two years.

Mr. Smith. That's amusing, because in 1872-73 we had no "metallism" whatever—not a dollar of either silver or gold in our currency.

Besides, "Coin" has so little regard for facts that he forgets that in 1872-73 we were by no means so prosperous as we were from 1879 to 1892, during all of which time what he calls "the crime of 1873" was in force.

Mr. Vance. "Coin" says that an ounce of silver will buy as much of anything as ever, and that this shows that it is not silver that has declined, but gold that measures prices.

Mr. Smith. If it were true that an ounce of silver would buy as much of anything as ever, that would only show that the cost of producing silver had declined the same as the cost of producing articles, and would simply prove that silver is not a stable measure.

But it is not true, except as to articles whose cost of production has declined the same as silver. Except as to cotton and wheat (and only part of the time as to them) an ounce of silver will not buy as much corn, oats, pork, beef, or any other agricultural product as it would have done before 1860. It will buy more steel, kerosene, and other articles whose cost of production has declined 80 per cent., and less of all products whose cost of production has declined less than 50 per cent.

Mr. Burns. I was reading a silver speech a few days ago in which it was said that silver would buy as much labor as ever in silver-basis countries like Mexico and India.

Mr. Smith. Very likely that is so, for the reason that when the currency is depreciated wages are the last thing to rise. This is the reason that a depreciated currency always cheats labor first.

WAGES AND CONDITION OF LABORERS IN MEXICO.

Mr. Burns. I would like to ask you, Mr. Smith, if you have any information as to the general condition of agricultural and other laborers in any of these countries which are on a silver basis—Mexico, for instance,

Mr. Smith. I have here a very interesting document which is called "Consular Report, No. 67," and published by the Department of State, at Washington. In that I find a report by Consul-General Sutton which gives a carefully prepared statement, covering more than 45 pages, by Mexican officials from 21 of the 27 States which compose the Mexican Republic. These replies were made in answer to a circular letter by the consul-general asking information as to—

1. Wages of agricultural laborers.
2. Conditions under which contracts for agricultural labor are made.
3. Supply of laborers.
4. Principal agricultural products, production and prices.
5. Retail prices of principal articles of consumption, as meat, corn etc.
6. Prices of meat cattle, horse stock, sheep and hogs.
7. Private lands for sale, and prices.
8. Possible industries that might be established.

Fifty-five different officials, all of them evidently intelligent and careful students, answered these questions at full length and with great frankness. Here are extracts from some of them:

In the State of Aguas Calientes field laborers receive for a day's work 12½ cents and 2 quarts of shelled corn. Prices of articles of prime necessity are: Corn, 40 cents to 80 cents per bushel; frijol (the bean of the country and the principal food), $1.60 to $3.20 per bushel. What little beef they have sells for 16 cents, mutton for 15 cents, hog meat for 14 cents per pound.

In the State of Chiapas day laborers get 25 cents per day, with an almud (short peck) of shelled corn, the same of beans, and a ration of salt once a week. Laborers by the month get $5 per month and the privilege of building a house and having a small bit of garden on the hacienda; 14 ounces of beef, 10 ounces of pork, 5 ears of corn, 1 pound of beans, 8 ounces of rice and 10 ounces of lard, sell at 26 cents each.

WAGES LESS THAN FORTY CENTS A DAY.

In the State of Coahulia, which borders upon Texas and produces a considerable quantity of cotton, the wages are 37½ cents per day, paid in grain or goods, with no money and no allowances. In cotton-picking time most of them work by the tarea or quantity, and make from 50 cents to 65 cents per day. Meat sells at 12 ½ cents a pound, shelled corn at 5 cents and beans at 8 cents per quart, while flour is 8 cents and lard 31 cents per pound.

In Durango the agricultural laborers get from $4 to $6 per month, with the weekly ration of 13 quarts of shelled corn.

In Guanajuato the wages are from 18 cents to 19 cents a day, and this only for the days when the man is employed.

In Hidalgo 18 to 22 cents per day, with an allowance of corn. Flour sells at 6 cents, meat at 10 cents, lard at 30 cents and Mexican brown sugar (piloncillo) at 6 cents per pound.

In Jalisco, the monthly wages are $5, with 33 quarts of corn, 4 quarts of beans, and 3 ounces of salt every eight days. Day laborers get from 12½ to 18¼ cents, with 13 quarts of corn per week. Meat sells at 10 cents, bread at 12 cents, sugar at 15 cents, and salt at 4 cents per pound.

In the Federal district, where the City of Mexico is located, agricultural laborers get by the day 31 cents and no allowances, and the work is from 6 A. M. to 6 P. M., with one hour in the middle of the day.

In Michocan, over on the Pacific Slope, and which produces sugar, **wheat,** corn, beans, fruit, and many other tropical crops, labor is 25 cents a day, by the day, and the hours from 6 A. M. to 6 P. M. Meat sells at 12 to 18 cents and lard at 25 cents per pound; beans 18 cents and corn at 6 cents per quart.

In Nuevo Leon, in which is the great city of Monterey, wages are $4 to $8 per month, with an almud of corn every eight days.

Oaxaca, a Pacific Coast State, produces coffee, cocoa, sugar, tobacco, corn. beans and fruit. Wages are 25 cents a day, except in coffee harvest, when they are increased from 50 to 100 per cent. Monthly contracts are from $4 to $7, with an allowance of corn for bread.

Any person who wishes to make a more detailed study of this subject should write to the Department of State and get a full copy of this very interesting report.

Mr. Burns. This free-silver 16-to-1 feast is evidently one which workingmen should avoid.

"What we all understand, I think," said Vance, as he thought of the havoc made in the market by the "bears," "is that falling prices are very injurious to any country, and that they should be got rid of by the right kind of monetary legislation. Don't you look upon falling prices as a great evil?"

Mr. Smith. That depends upon what causes falling prices.

Falling prices that come naturally from labor-saving machinery and improvements in means of transportation are a blessing and to be sought after, while falling prices caused by a reduction of wages of labor or by sudden arrest of the industries through distrust of the future and the consequent diminution of the consuming power of the people, as we have had in the past two years, are a curse.

Those who are trying to make the people believe that legislation in respect to silver in 1873 has caused the depression of business in the past two years ought to ask themselves how it happened that we had such unexampled prosperity between 1879 and 1892 under this very legislation.

Mr. Jones. I think that we farmers have got the impression that prices have greatly fallen by having had our attention fastened on nothing but wheat and by the exceptionally low prices of everything the past two years.

Mr. Smith. Undoubtedly. The 16 to 1 silver agitators have seized on the depression of business as a favorable time to agitate. They must hurry up their work, for they will soon be as dead as the Greenbackers were when business revived in 1879. When farmers see wheat and cotton rising, as they have already risen as business revives, they will not be long in discovering that silver had nothing to do with the fall of prices, as it is having nothing to do with their rise.

Mr. Jones. Before we pass from this question of prices, I want to inquire if you can give us any light on the course of prices between 1840 and 1860?

Mr. Smith. I read to you a few minutes ago Labor Commissioner Wright's statistics as to general prices, from which it appeared that average prices declined 16¾ points between 1840 and 1860, and only 7¾ between 1860 and 1892. So you will see that while the general trend of prices is downward with everything but hand labor farm products on account of labor-saving devices, and while the fall of prices of machine-made products has been greater in the past 20 years than ever before, because of increased inventions and severe competition that has reduced profits, yet average prices on the whole have fallen no more since 1860 than before.

RISE OF PRICES BY DEPRECIATING THE DOLLAR.

Mr. Vance. Wouldn't the increase of prices that would come from a silver basis increase the prosperity of the country?

Mr. Smith: Of course you would increase nominal prices by going to a silver basis and thus making 50 cents a dollar, just as measuring cloth with an 18-inch yardstick would give a greater number of such yards, but no more cloth.

What advantage would it be to any one to call a half dollar a whole dollar and then proceed to adjust prices to the new clipped dollar? Of course it would raise the prices of what we have to buy, just the same as it would raise the price of what we have to sell. Nobody would gain anything by the change. It would take just the same number of bushels of any farm product to buy anything as before.

The disadvantage would be, however, in the unsettling of prices and disturbance of trade at home, and in giving us a different money standard from that of our customers abroad, thus necessitating the payment of a new brokerage by every farmer on export products. And aside from all this there would be the disturbance and expense of a varying silver standard.

Mr. Burns. What I should like to know is whether wages have not risen and rates of interest fallen since 1860, and even since 1879?

Mr. Jones. We all know that wages were 60 per cent. higher in 1892 than in 1860, and 10 per cent. higher in 1892 than in 1873, as stated by Commissioner Wright's tables, and that the rate of interest on loans in any part of this country was at least one-fourth lower in 1892 than in 1860, and even in 1873. These important prices, that of labor and that of use of borrowed capital, don't show an increase, which might be expected if gold, the measurer of wages and interest, had risen to any material extent. Daniel Webster once said that depreciated money always cheated the workingman.

Mr. Smith. That is sound reasoning, for wages and interest are a much surer test of the value of money than prices of products subject for the most part to the reduction of cost of production by labor-saving devices and methods.

A SILVER BASIS AND DEBTS.

Mr. Vance. The fact is, the strong reason for a silver basis is that it will relieve us from the great burden of debt which now oppresses the country—a debt which we believe has been doubled by the appreciation of gold under the gold basis. We object to gold because we believe when used alone as full redemption money it is constantly increasing in value.

Mr. Smith. You have now undoubtedly struck the argument on which the free-silver 16 to 1 scheme wins the most of its support outside of the personal interest of silver-mine owners. It appears to be a plan to discharge debts for 50 cents on the dollar, and this of itself is very taking in periods of business depression.

Mr. Vance. But when debts have been doubled by the appreciation of gold, isn't it a fair thing to pay simply what was borrowed?

Mr. Smith. I presume the supporters of the scheme to wipe out debts at 50 cents on the dollar have persuaded themselves that they are really not trying to cheat their creditors; but did it ever occur to you that the money which all these debtors borrowed was equal in value to gold when borrowed, and that in the ordinary life of private debts there cannot have been much change in the value of the gold dollar?

Mr. Jones. What is the average life of private debts?

Mr. Smith. Less than a year, and even in the case of loans secured by mortgage only three years. It is doubtful if there are any considerable number of existing private debts ten years old, and but very few five years old.

Mr. Jones. I think you said that even the rise of gold between 1879 and 1891 was not half of 1 per cent. per annum, and that since 1892 it is believed there had been no rise. Also that this rise between 1879 and 1891 was about the same as the fall of gold between 1850 and 1865.

Mr. Smith. That is believed to have been the case. The change in the value of gold in one year is so small that it cannot materially affect deferred payments; and it is because it changes so little that by common consent in international trade, where no law can come in, gold is accepted as the standard of value. If there is in some periods a slight appreciation, in succeeding periods there is a corresponding decline. Unquestionably a period of decline of gold is already at hand.

Mr. Burns. Is there the slightest evidence that gold appreciated 40 or 50 per cent. between 1870 and 1892?

Mr. Smith. Not the slightest. On the contrary, the small decline of average prices from 1879, when we got back to specie payments and normal conditions, to 1892, just before the exceptional business depression set in which temporarily reduced prices abnormally, makes it impossible that the rise of gold could have been, in the thirteen years before 1892, 10 per cent. at the outside So that a debt contracted within three years has probably not appreciated at all.

Mr. Jones. And because of this it is proposed to depreciate the currency 50 per cent?

Mr. Smith. That is the fact. It is worthy of note that it is claimed gold appreciates under our present so-called system, by which in this country we use as much silver as gold as money; and it is proposed by the 16-to-1 schemers to remedy this by a plan that would eventuate in the use of only silver and drive out our gold thus greatly contracting our currency.

Mr. Vance. But does not the run on our Treasury reserve gold the past year show that there is not enough to go round?

Mr. Smith. Even if that were the case we should only cause a bigger run on what we have by adopting the 16-to-1 scheme, for we couldn't use silver dollars in settling foreign balances. We should have to use silver as bullion then just as we do now. The 16-to-1 scheme would cause foreign investors to withdraw the capital they have here now. Indeed, it was distrust of our ability or intention to pay our foreign debts in gold or its equivalent that caused the run on our gold—a distrust which was made active by the failure to maintain our revenue equal to our expenditure—the failure to maintain our redemption fund.

That the run on our Treasury was not caused by scarcity of gold abroad was clearly shown by the fact that the gold taken from us was simply accumulated and held as idle money in foreign commercial centres.

DEBT PAYING IN WHEAT.

Mr. Vance. But is it not true that, while a debt of $1000 contracted in 1891 could have been paid with 1000 bushels of wheat, last winter it would have required 2000 bushels of wheat to pay it?

Mr. Smith. But even suppose that was so—for I notice you select a year when the wheat crop was short and the price the highest and compare it with another year in an exceptional business depression, when the crop was large and the price the lowest—what does that have to do with the payment of a debt to be paid not in wheat but in money?

Supposing wheat should be $1 next year, as it would be if the crop should be short, how would it then be with a debt of $1000 contracted in 1893, when wheat was 50 cents when the $1000 would have bought 2000 bushels? Would you contend that because of this fact the debtor should now give the creditor 2000 bushels of wheat or its proceeds? You shake your head. But why not, if your argument in the first case is sound?

Mr. Jones. Neither view would be sound, because the money borrowed was not made payable in wheat, but in money. The man who loaned the money was not dealing in wheat futures. If he had been he would then have taken chances in the future of wheat. He simply lent money equivalent to gold at a low rate, without charging anything for the risk involved in the future price of any product.

Mr. Smith. Why do you not take corn, oats, pork, beef, lard, butter or some other farm product to illustrate the position of the borrower? Corn was higher in Chicago in 1892 than in any other year but one since 1879. A debt contracted in 1879 for $1000 would have required 2225 bushels of corn to pay it, but in 1892 it would have been paid in 1800 bushels. Do you think the creditor in 1892 was entitled to have the 425 bushels of corn extra in 1892?

Mr. Vance. No, I don't.

Mr. Smith. I agree with you. But why not on your theory?

Mr. Jones. Because it was a loan to be paid in money. And the same principle applies to Vance's wheat hypothesis.

HOW IT AFFECTS THE FARMER.

Mr. Vance. What I contend is that the value of the money has increased.

Mr. Smith. And you propose to have the prices of wheat and cotton alone determine whether money has appreciated, when the price of other farm products (if such an argument from prices is sound) would prove the reverse.

Mr. Vance. But you must admit that the farmer who raises wheat does suffer in debt paying just as I have pointed out.

Mr. Smith. But an intelligent farmer may be relied upon to raise crops that in the long run pay best. One particular crop, especially a crop like wheat, whose price depends on the world's yield, may not pay one year, for various exceptional reasons, and may pay largely another year. This is a good reason for diversification of farm products. No good farmer raises wheat exclusively, especially when he knows by experience that wheat is an export product that goes up and down according to the favorable or unfavorable season, varying from 50 cents to $1.34 in Chicago—$1.02 in 1876, 90 cents in 1878, $1.16 in 1881, 77 cents in 1886, and $1 in 1891.

Mr. Burns. It seems to me that any attempt to measure money by wheat or cotton would give us a very uncertain standard of value.

Mr. Smith. Of course it would. And yet the 16-to-1 silver men are relying entirely on the price of wheat and cotton to prove that debts have appreciated.

Mr. Jones. But in view of the fact that both wheat and cotton have risen considerably since the spring of 1895, they must conclude that both gold and debts have greatly depreciated within a few months.

Mr. Smith. We must remember that all the talk about the advantage or disadvantage to the debtor of a depreciation or appreciation of the dollars is of little consequence, for the reason that every new debt that is contracted will be made not on the basis of the former dollar but of the new depreciated dollar. It is a temporary advantage or disadvantage at the most, and not of the slightest consequence as compared with the value of confidence in the gigantic daily exchanges. The change in the gold dollar in any one year is so slight as to not materially affect either creditors or debtors. The dollar should be so stable as to inspire confidence. But when the value of the dollar unit is suddenly and materially changed by legislation, uncertainty reigns and paralysis seizes upon business.

DEBTS PAID WITH PRODUCTS.

Mr. Vance. When it is considered that the private and public debts of the people of this country are forty thousand millions, I should like to know how anyone supposes we can pay with the mere pittance of six hundred millions of gold?

Mr. Smith. That is a wild guess, for I am not aware of any reliable statistics as to our private indebtedness. We simply know our public and corporate indebtedness, and that is but a fraction of the big sum you name.

But whatever the sum may be, it is for value received. Every dollar for which we are indebted was borrowed in gold or its equivalent. More than that, it must be inferred that whatever has been borrowed has been in the main profitably used; so that the borrowing has made us richer.

Mr. Vance. Our railroad bonds alone held abroad are a gigantic mortgage on the country.

Mr. Smith. Practically the larger part of the railroad bonds held abroad represent the money which built the roads, and the holders of them are really owners of the roads. It is not expected that anything more than the interest on the bonds will be paid, as this is in reality a dividend to the owners when the roads pay. And instead of being impoverished by the construction of these roads by foreign capital, we have been enriched. The debt is only in name.

Mr. Vance. But must we not send gold to Europe to pay the annual interest, estimated at two hundred millions, on these foreign investments or bonds? And where is it coming from if we can use only gold? We produce only thirty-five or forty millions of gold annually.

Mr. Smith. We pay neither interest nor principal of our foreign or domestic indebtedness in gold. We pay in exported products, and one of these products is silver. Last year we exported about $40,000,000 in silver. If silver had free coinage here at 16 to 1 it could not go further in paying indebtedness or for purchases abroad than it does now. Gold is used only to settle the balance of trade.

DEBT PAYING IN LABOR.

Mr. Burns. We laborers have the idea that after all it is labor (harnessed to capital in the form of labor-saving appliances, etc.) which finally pays debts through the products of labor and capital; and that the vital question is whether since 1873 (or perhaps 1879 would be a fairer basis of comparison) it would have required more labor in 1892 to pay a debt contracted in money in 1873 or in 1879 than it would have required at the time the debt was contracted.

Mr. Smith. You are right in making the comparison on the basis of the wages of labor, for the reason that the true test is not how many pounds or bushels of any product, but how many days' labor it takes to produce the article used to make deferred payments. The price of an article may be 25 per cent. less than a few years before, but if by reason of labor-saving devices it takes 33 per cent less labor to produce the articles, then of course the payment of the debt at the later period is easier than it would havebeen at the earlier period. Now, I find by Labor Commissioner Wright's tables that wages, estimated in gold, were 148 points in 1873 and 160½ in 1891, or 12½ points higher in 1891 than in 1873. In other words, a debt of $1480 could have been paid with 10 per cent. less labor in 1891 than in 1873 and with 15 per cent. less labor in 1891 than in 1879.

Mr. Burns. This does not look much like an increase of the burden of a debt between 1873 and 1891.

OUR FOREIGN DEBTS.

Mr. Vance. But inasmuch as we are a debtor nation and England a creditor nation, I can see how it is England's advantage to make its debts as large as possible by holding onto the gold as the standard of value. But isn't it for our advantage to keep our debts down by paying silver as our standard?

Mr. Smith. It is true that we have a country of immense natural resources awaiting development and therefore that we can and do profitably use foreign capital, while England is an old and finished country, with few natural resources that already are not developed, and hence has spare capital. This of course makes it for our interest to borrow in order to make more money.

Now, looking at this situation solely from the standpoint of our own welfare, it is for our advantage to maintain our credit so as to be able to borrow at a low rate of interest. It is because we have maintained our credit and kept our money at par with gold that for years we have been able to borrow abroad at so low a rate of interest, while the silver-basis countries that have a demoralized currency have to pay higher interest and pay in gold, too. In other words, because we are borrowers it is for our interest to maintain all our currency equal to gold. Rest assured that if we should go to a silver basis we should have to pay dearly for it. England, if she looked at the matter selfishly, would not object to having us cripple ourselves by going to a silver basis.

I notice that China's new loan has been negotiated at 6 per cent., while ours has been negotiated on a basis about half that.

THE WEST AND THE EAST.

Mr. Vance. The West is overwhelmingly in debt to the East, and this indebtedness is increased by the appreciation of money. The situation is well shown by an illustration in "Coin" of a cow generously fed by the West while the East gets all the milk.

Mr. Jones. Is it not a little ungenerous, not to say unwise, to reproach the longer-settled East for having confidence enough in us to loan us money to develop the West, especially when we have been able to use the money so profitably? When the West is as old as the East we shall be far richer than the East now is and can return the favor.

Mr. Smith. That is well said, Mr. Jones. As a matter of fact, even our own mortgages have been generally given for loans of money to pay for our farms, to buy new land, or to construct buildings and improve our facilities for making money. And instead of growing poorer, as "Coin" would have you believe, the West has increased in wealth faster than even the East. I have here the census figures of the per cent. and per inhabitant increase of wealth of the different sections of country between 1880 and 1890, and let me read them:

Per cent. and per inhabitant increase of wealth, 1880-1890.

	Increase Wealth. Per Cent.	Increase Per Capita.
North Atlantic Division	21	$ 23
North Central Division	60	197
Western Division	200	959
South Atlantic Division	40	84
South Central Division	70	148

Mr. Burns. That looks very much as if "Coin" ought to have turned his cow around and placed the head at the East and the milkers at the West.

Mr. Jones. Of course, the fact is that we have been mutually benefited as parts of a common country. The fellow who will try to stir up prejudices and passions between different parts of our common country so as to accomplish his selfish ends is unpatriotic and reckless.

Mr. Smith. The impression that the West is more deeply in debt than the rest of the country is a mistake. Take the State, county and muncipal debt of the West, and it is by no means as great as that of the East. According to the census of 1890 this debt, per capita, was $26.89 for New England, New York and Pennsylvania, and only $14.32 for the 12 central Western States, and $22.09 for the States west of the Mississppi. The similar debt of Great Britain is $87.79 per capita.

Mr. Jones. I think that I voice the sentiment of the West when I say that the desire to depreciate the dollar in order to pay debts easier is exceptional. We are able to pay our debts and intend to do so. Whenever we cannot we will not ask that the currency be depreciated and business demoralized to help us out, but will rely upon the insolvent laws which each State passes to relieve honest but unfortunate debtors.

NO DISTINCT DEBTOR AND CREDITOR CLASSES.

Mr. Smith. It is a great mistake to suppose that there is a large, exclusive, distinct debtor class. Most men are both debtors and creditors. The only class that are exclusively creditors is the workingmen. They pay as they go, and their savings make the great mass of deposits in our savings banks.

Bankers make loans to a very small extent of their own money. It is their business to loan the money of depositors. The workingmen of this country have over one thousand seven hundred and fifty-eight millions of deposits in savings banks and a considerable part of the three thousand millions of deposits in all other banks, nearly four thousand seven hundred millions of deposits in all. It is these deposits that furnish the most of the loanable funds with which the business of the country is carried on.

A scheme to depreciate our money by going to a silver basis would rob the workingmen of this country of at least one thousand millions of dollars of their savings and would rob them far more than this of their wages.

Mr. Burns. I want to say once for all that the workingmen of this country will drop this 16-to-1 silver scheme like a hot potato just as soon as they examine it.

DEPOSITS AND MONEY.

Mr. Smith. Let me read to you the official statement of deposits in the various kinds of institutions:

In national banks	$1,779.295,862
In State banks	648.573,800
In loan and trust companies	411.650,000
In savings banks	1,758.329,618
In private banks	93,091,148
Total	$4,690,890,433

Mr. Vance. I do not understand how there can be four thousand seven hundred millions of deposits in banks to be loaned when there are only one thousand six hundred milliones of money in the country. It seems to me that it would require four thousand seven hundred millions of money to make such deposits.

Mr. Smith. You evidently have the misconception of the office of money that Coin has when he talks about the impossibility of paying five thousand millions of debt with one thousand six hundred millions of currency. Money is simply a common medium or tool of exchange, but the real wealth exchanged is products. A thousand dollars in money may perform a dozen thousand-dollar exchanges of property or pay a dozen thousand-dollar debts in a single day. The name "currency" means something that runs or circulates from hand to hand. So the money that a workingman deposits to-day is loaned, perhaps, before night, to the manufacturer, who pays it out again to his workingmen to-morrow, when it can be again deposited and reloaned, and so on.

You will see at once that the volume of money or number of tools of exchange required depends very largely upon the facilities for expediting exchanges. Bank checks, bills of exchange, etc., offer substitutes for money more convenient than money itself, and, what is more, have precisely the same effect on prices that coin or any other kind of money would have. Ninety-two per cent. of all exchanges are made by means of substitutes for money, and only 6 per cent. with money.

No one is wise enough to determine beforehand just how much money our country needs. That can be determined only by business demands. A supply of more than is required lies idle, and there is a loss of interest. More is required at some seasons than at others. The Government, for example, has coined $75,000,000 in half and quarter dollars and dimes, but it is found impossible to keep much more than $60,000,000 in circulation. When more is paid out it returns.

STABILITY AND UNIFORMITY OF STANDARD OF VALUE.

Mr. Vance. While I can see now that it is impossible for us to get away from the world's standard of value (gold) in international trade, which is only 4 per cent of our entire trade, yet it seems to me that in our domestic trade, which is 96 per cent. of our aggregate trade, we could adopt a silver basis with positive advantage.

Mr. Smith. Does it not occur to you that there would be great confusion, friction and unnecessary expense in having one standard of value (gold) for our foreign trade and another standard (silver) for our domestic trade?

All our imports, for example, are sold in our domestic markets. If they are bought on one standard and sold on another, there is increased expense and risk to be charged to our consumers, especially if our standard is more variable than the world's standard.

Again, all our exports would be bought here on one standard and sold abroad on another. And rest assured the producers of farm products would have to pay the brokerage incident to different standards of value.

Not only that, but the fact that silver is a fluctuating metal would bring a new element of risk in the fluctuations of exchange, which we would have to pay for.

Mr. Jones. Inasmuch as prices are really made in the world's markets on a gold basis, would not the fluctuations of silver make more changeable and uncertain prices in our domestic trade than we have now, and thus introduce a new gambling element into our trade which would work us serious injury?

Mr. Smith. Certainly. The currency of any country is the life-blood of its commercial existence, and the fluctuating character of a currency on a silver basis would work serious evils. The greatest possible stability and the greatest possible uniformity of the standard of value in the leading commercial nations is a necessity. Any country which does not keep in touch with the commercial world as to its standard of value will be surely distanced in its foreign trade and seriously injured in its domestic trade.

It must be remembered that in these days of steam and electricity the whole world is one in a very important respect. There now can be no surplus of money or merchandise anywhere in the world that it is not hurried to fill the shortage. The facility of transfer tends to equalize values and prices throughout the world except so far as tariffs differ. We know every evening what has been going on in every part of the world during the day—the condition of the crops, where there is a surplus and where there is a shortage; and in every great market supply and demand meet and the adjusment of prices takes place, and the universal language in which these prices are expressed is grains of gold.

EXTENT OF DOMESTIC TRADE.

Mr. Burns. Do you remember the extent of our domestic trade?

Mr. Smith. I remember that the transactions through our national banks alone reach one hundred and twenty thousand millions per annum—more than two thousand three hunderd millions per week, four hundred millions every secular day, and forty millions every business hour, in all of which the value of the practical standard dollar is the controlling element.

Not a bushel of corn or wheat, not a pound of hay or cotton, not a yard of cloth, not a day's work, is sold or bought into which this value does not enter. Surely legislation which proposes to suddenly disturb this value to the extent of 50 per cent., and especially to give us a fluctuating standard whose value is subject to the same changes as wheat, or cotton, or oil, a standard of measure whose own value must be first estimated, should be advocated with bated breath.

Mr. Vance. But won't the fact that the depreciation of silver would give us rising prices be of itself a stimulator of trade and prosperity?

Mr. Smith. We have the experience of past schemes to depreciate the currency to guide us. While temporarily the speculative spirit is stimulated, yet the final result has been to demoralize, disturb, and finally wreck all business enterprises and plunge the country into despair whenever the currency has been depreciated in peace. A forced depreciation of the currency in war is tided over as long as the war lasts because of war expenditures, but after that the penalty must be paid. Depreciation and demoralization of the currency has the same effect on national life that excessive drinking does upon the individual life; first the delusions of the initial stages of intoxication, then the debauch, the delirium and the terrible penalties of the violation of eternal laws.

Commercial prosperity can exist only under permanent and settled conditions, at least so nearly permanent that annual changes are reduced to a minimum. By the consensus of all leading commercial nations, grains of gold give the greatest permanency as a standard of value; and while silver is to be used with gold, yet it can be used successfully only under conditions that make the silver dollar equal in value to the gold dollar and maintained at a parity with it.

Nothing promotes distrust, paralyzes trade, discourages investments, closes avenues of employment, and diminishes wages so effectually as a demoralized and depreciating currency.

Mr. Jones. You are right. And hence nothing is clearer than that it is the duty of every good citizen to resist the attempt to have this country adopt alone the free and unlimited coinage of silver at the ratio of 16 to 1, for this means silver monometallism, a silver basis, a depreciated currency, a brief period of intoxication, and then demoralization, business and industrial paralysis, a financial panic and destruction.

Let the light of experience, shining in the tower of history and warning the present generation of the dangers of the yawning abyss into which a depreciated currency has repeatedly plunged nations, guide the destinies of the Republic.

Carlisle on the Ratio of 16 to 1

SPEECH

OF

HON. JOHN G. CARLISLE

BEFORE THE

WORKINGMEN OF CHICAGO

APRIL 15, 1896

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MR. VILAS PRESENTED THE FOLLOWING

SPEECH

of

HON. JOHN G. CARLISLE

before the

WORKINGMEN OF CHICAGO

APRIL 15, 1896

MR. PRESIDENT AND GENTLEMEN: I am here this evening in response to a communication received several months ago from a number of gentlemen connected with various labor organizations of this city, inviting me to address them and their fellow-workmen upon the currency and financial questions, which were then and are still agitating the minds of our people in all parts of the country. When that communication reached me, it was not in my power to designate a time when my official duties would permit me to come here, but I promised to hold the matter under consideration and come whenever it might be possible to do so, and I now congratulate myself upon my good fortune in having at last found an opportunity to meet this great assemblage of laboring people and to discuss in their presence what I consider one of the most important economic questions that can possibly engage the attention of wage earners in this or any other country.

WHETHER THE GENERAL BUSINESS OF THE PEOPLE SHALL BE TRANSACTED WITH GOOD MONEY OR BAD MONEY, WHETHER THE WAGES OF LABOR SHALL BE PAID IN A SOUND AND STABLE CURRENCY, WITH FULL PURCHASING POWER IN THE MARKETS WHERE THEY ARE EXCHANGED FOR THE NECESSARIES OF LIFE, OR IN A DEPRECIATED AND FLUCTUATING CURRENCY, HAVING NO FIXED VALUE AND THEREFORE BEARING NO PERMANENT RELATION TO THE CURRENT PRICES OF COMMODITIES, ARE QUESTIONS WHICH AFFECT THE COMFORT AND HAPPINESS OF EVERY HOME AND THE PEACE AND PROSPERITY OF EVERY COMMUNITY. While all are deeply interested in the settlement of these questions, it is unfortunately the case that all will not be equally affected by an erroneous decision upon them.

THE POOR MAN BEARS THE BURDEN.

The wealthy man, the man who has accumulated property or hoarded money, is always exempt from many of the most serious consequences of a financial or industrial disturbance. He has both means and credit, and while he may be subjected to much loss and inconvenience neither he nor his family will be pinched by hunger or compelled to go without raiment or shelter. IT IS THE POOR MAN AND THE MAN OF MODERATE MEANS, THE MAN WHO HAS NOT BEEN FORTUNATE ENOUGH TO ACCUMULATE PROPERTY OR MONEY, BUT WHO DEPENDS UPON HIS WAGES OR UPON THE PRODUCTS OF HIS OWN LABOR FOR THE MEANS OF SUPPORTING HIMSELF AND HIS FAMILY, THAT ALWAYS FEELS THE FIRST AND MOST DISASTROUS EFFECTS OF

A BUSINESS OR INDUSTRIAL DEPRESSION, NO MATTER WHETHER IT RESULTS FROM A DEPRECIATED AND FLUCTUATING CURRENCY OR FROM OTHER CAUSES. Such a man has nothing to dispose of but his labor, and nothing with which to support himself or his family but his wages or the proceeds of his own labor, and any policy that even temporarily suspends or obstructs the industrial progress of the country by diminishing the demand for the products of labor, or by impairing the capacity or disposition of capital to employ labor, must be injurious to his interests and inflict more or less suffering upon all who are dependent upon him. LABOR CAN NOT BE HOARDED; THE IDLE DAY IS GONE FOREVER; LOST WAGES ARE NEVER REIMBURSED; AND THEREFORE STEADY EMPLOYMENT AND GOOD PAY IN GOOD MONEY ARE ESSENTIAL TO THE COMFORT AND HAPPINESS OF THE AMERICAN LABORER AND HIS WIFE AND CHILDREN, AND HE WILL BE UNFAITHFUL TO HIMSELF AND TO THEM IF HE DOES NOT INSIST UPON THE ADOPTION AND MAINTENANCE OF SUCH A POLICY AS WILL MOST CERTAINLY PRESERVE THE VALUE AND STABILITY OF ALL OUR CURRENCY AND PROMOTE THE REGULAR AND PROFITABLE CONDUCT OF ALL OUR INDUSTRIAL ENTERPRISES. He can not prosper when the country is in distress, when its industries are prostrated, its commerce paralyzed, its credit broken down, or its social order disturbed; NOR CAN HE PROSPER WHEN THE FLUCTUATIONS OF THE CURRENCY ARE SUCH THAT HE CAN NOT CERTAINLY KNOW THE VALUE OF THE DOLLAR IN WHICH HIS WAGES ARE PAID, or estimate in advance the cost of the necessaries of life.

THE FREE COINAGE PROPOSITION.

Whether we shall or shall not have a long period of financial, commercial and industrial disturbance in this country, and whether labor shall be deprived of permanent employment or be partially employed and inadequately paid, are questions directly and necessarily involved in the demand now seriously made by many of our fellow citizens that the United States, without the co-operation of any other government in the world, and in opposition to the established policy of every other great civilized and commercial nation, shall authorize the free and unlimited coinage of full legal tender silver at the ratio of 16 to 1, notwithstanding the true market ratio between the two metals is about 31 to 1; or, in other words, that the United States alone shall declare by law that 16 ounces of silver are equal in value to 1 ounce of gold, when IT IS AN INDISPUTABLE FACT EVERYWHERE RECOGNIZED THAT IN ALL THE MARKETS OF THE WORLD, IN SILVER STANDARD COUNTRIES AS WELL AS IN GOLD STANDARD COUNTRIES, 16 OUNCES OF SILVER ARE WORTH ONLY ABOUT ONE-HALF AS MUCH AS ONE OUNCE OF GOLD AND WILL PURCHASE ONLY ABOUT ONE-HALF AS MUCH OF THE NECESSARIES OF LIFE.

THE NAKED PROPOSITION.

The naked proposition is that the United States shall coin, at the public expense, for the exclusive benefit of the individuals and corporations owning the bullion, all the silver that may be presented at the mints into dollars containing 371¼ grains of pure silver, or 412½ grains of standard silver, worth intrinsically about 51 or 52 cents, deliver the coins to the depositors of the bullion, and compel all the other people in the country to receive these coins at the valuation of 100 cents each in the payment of debts due them for property sold; for labor and service of all kinds; for pensions to soldiers and sailors and their widows and children; for losses sustained under policies issued by life and other insurance companies; for deposits in savings banks, trust companies, building associations, and other institutions; for debts due to widows and orphans by guardians, executors and administrators of decedents' estates and other trustees; for salaries of all civil, military and naval officials, and the compensation of private soldiers and seamen, and, in short, for every kind of obligation recognized by the laws of the land, except only in cases where the prudent capitalist has taken the precaution in advance to contract for payment of debts due to him in gold or its equivalent. To say nothing of the gross partiality and manifest injustice of such a policy, ITS IMMEDIATE EFFECT WOULD BE TO CONTRACT OUR CURRENCY TO THE EXTENT OF ABOUT $620,000,000 BY STOPPING THE USE OF GOLD AS MONEY AND PUTTING A PREMIUM UPON THE COINS OF THAT METAL EQUAL, OR ABOUT EQUAL, TO THE DIFFERENCE BETWEEN THE INTRINSIC VALUE OF THE GOLD DOLLAR AND THE INTRINSIC VALUE OF THE SILVER DOLLAR. Gold coins would at once become a commodity and would be bought and sold by speculators in the market just as they were during the war, when we had a depreciated paper currency.

BULLION BROKERS WOULD GET A LARGE PROFIT.

The value of the silver dollar would fluctuate from day to day, moving up and down with the rise and fall of the commercial price of the bullion contained in it, as the Mexican dollar does now, and the premium on the gold dollar would of course fluctuate to the same extent, thus affording an opportunity to bullion brokers and speculators to buy and sell it at a profit. It would cease to be used as money, because no man would pay his debt in gold dollars, or in paper redeemable in gold dollars, worth 100 cents, when the law permitted him to pay it in silver dollars worth only 51 or 52 cents each. The sudden withdrawal of $620,000,000 from the volume of currency in the country would undoubtedly produce a financial and industrial disturbance far more disastrous to the interests of labor than has ever been experienced in our history, and NO MAN WHO HAS A PARTICLE OF SYMPATHY FOR WORKINGMEN AND WOMEN AND THEIR DEPENDENT FAMILIES CAN CONTEMPLATE THE POSSIBILITY OF SUCH A CALAMITY WITHOUT FEELING THAT IT IS HIS DUTY, WHETHER HE OCCUPIES A PUBLIC OR A PRIVATE STATION, TO EMPLOY EVERY HONORABLE MEANS AT HIS COMMAND TO AVERT IT.

While the sudden expulsion of $620,000,000 in gold from our stock of money would itself be sufficient to create a financial disturbance unparalleled in the history of this or any other country, the situation would be very greatly aggravated by the fact that the purchasing power of all the remainder of our currency would be suddenly reduced about one-half; WE SHOULD HAVE ONLY ABOUT TWO-THIRDS AS MUCH CURRENCY AS WE HAVE NOW, AND AT THE SAME TIME IT WOULD BE SO DEPRECIATED IN VALUE THAT IT WOULD REQUIRE ABOUT TWICE AS MUCH AS WE HAVE NOW TO TRANSACT THE BUSINESS OF THE COUNTRY, PROVIDED THERE SHOULD BE ANY BUSINESS TO TRANSACT.

OUR EXPERIENCE WITH THE RATIO.

The attempt to maintain what is called the double standard of value, that is, the attempt to keep the legal-tender coins of the two metals, gold and silver, in use as money at the same time, upon a ratio of value fixed by law, has repeatedly been made by kings and parliaments in every civilized country in the world, and it has failed again and again in every one of them; and it requires no gift of prophecy to foresee that it must continue to fail so long as self-interest constitutes a controlling factor in the business affairs of men. Without trespassing upon your patience to review the monetary history of other countries in which this experiment has been made and failed, it may be advantageous to refer briefly to our own experience upon this subject. When it was determined to adopt a monetary system for the United States and establish a mint, Alexander Hamilton and Thomas Jefferson, two men who differed widely upon almost every public question, and whose names as founders and leaders of their respective parties will live as long as our political literature is read, agreed that in determining what should be the coinage or legal ratio between gold and silver, the true relative commercial value of the two metals in the markets of the world must first be ascertained, and that this relative value when ascertained should be incorporated into the statute as the basis of the proposed system of coinage. Although they were party leaders they were statesmen and patriots, and when they were called on to consider this great business question, affecting all the private affairs of their fellow citizens, they gave it a thorough and impartial investigation upon its merits, without regard to the effect their decision might have upon their own political fortunes or upon the political fortunes of their followers.

STATUTES DO NOT AFFECT METALLIC VALUES.

THESE GREAT MEN WERE NEVER DISTURBED FOR A MOMENT BY THE DELUSION THAT CONGRESS COULD FIX BY STATUTE THE ACTUAL OR RELATIVE VALUES OF GOLD AND SILVER ANY MORE THAN IT COULD FIX BY STATUTE THE ACTUAL OR RELATIVE VALUES OF A POUND OF LEAD AND A POUND OF IRON. They knew that gold and silver, like other exchangeable things, are commodities, and that their value will be fixed in the markets of the world. They knew that it was entirely competent, in fact necessary, for Congress to declare the ratio upon which the two metals should be coined at the mint, if they were to be coined at all, but they knew equally well that if the ratio so declared did not correspond substantially with the ratio which the commercial world had established the coins of the two metals could not be kept in use as money at the same time, and consequently, as I have already said, they determined to ascertain the commercial ratio and to adopt it. They reached the conclusion that the true commercial ratio at that time was 15 to 1—that is, that 15 ounces of silver were equal in value to 1 ounce of gold—and accordingly the act of 1792, which was our first coinage law, authorized the coinage of the two metals at that ratio.

GOLD DRIVEN OUT OF CIRCULATION.

At the ratio thus established the silver dollar contained 371¼ grains of fine silver, and the gold dollar contained 24¾ grains of fine gold; but it was soon discovered that a mistake had been made, and that 371¼ grains of fine silver were not in fact equal in value to 24¾ grains of fine gold, and the consequence was that, although the difference between the value of a silver dollar and the value of a gold dollar was only about 1 cent and one-eighth of a cent, silver drove gold out of use and out of the country, and from that time we had silver monometallism until after the passage of the acts of 1834 and 1837. The fact that the silver was put into the form of a coin and made legal tender the same as gold, and that both dollars were declared to be worth 100 cents each, did not increase the value of the 371¼ grains of silver to any extent whatever. THE PEOPLE

COULD NOT BE DECEIVED BY MERE WORDS PRINTED IN A STATUTE; THEY SOON LEARNED THAT THE METAL CONTAINED IN THE SILVER DOLLAR WAS NOT EQUAL IN VALUE TO THE METAL CONTAINED IN THE GOLD DOLLAR, AND THEY PAID SILVER TO THEIR CREDITORS AND HOARDED THE GOLD OR SENT IT OUT OF THE COUNTRY. Even our new and full-weight silver coins would not circulate or remain in the country, because Congress by various acts made certain foreign coins legal tender in the payment of debts, and as they were generally so worn by abrasion as to be of less weight than the new domestic coins, they drove our dollars and half dollars and to a large extent our quarters and dimes also, out of use as money. Our own coins were exported and used at their bullion value in making purchases and paying debts abroad, and MR. JEFFERSON HIMSELF, WHO HAD THEN BECOME PRESIDENT OF THE UNITED STATES, ISSUED AN ORDER ON THE 1ST DAY OF MAY, 1806, STOPPING THE COINAGE OF SILVER DOLLARS AT OUR MINTS. No more silver dollars were coined until 1836, thirty years afterwards, and then only 1000 of them were issued from the mints.

SILVER DRIVEN OUT OF CIRCULATION.

Gold having left the country, Congress, in 1834, during the Administration of Andrew Jackson, determined to restore it to the circulation, and, in order to accomplish that result, the legal ratio was changed from 15 to 1 to about 16 to 1; that is, the law was so amended as to provide that the gold eagle or $10 piece should contain 232 grains of pure gold, which made the dollar consist of 23 1-5 grains, but by the act of 1837 it was changed to 23.22 grains, which now constitutes the dollar and unit of value. This was a slight overvaluation of gold in the coinage, because 23.22 grains of fine gold were not in fact worth as much in the markets as 371¼ grains of fine silver. Although the difference in value was very small, it proved sufficient to change the whole character of our metallic currency, and under this ratio gold and silver exchanged places; silver went out of the country and gold came in, and from that time until after the passage of the act of 1878 we had practical gold monometallism, except during the period of the war, when we had no metallic money of any kind. When the great civil war began we had no silver in circulation, except the subsidiary coins authorized by the act of 1853, but we had gold and paper redeemable in gold, and it was not long before we had another practical illustration of the natural law that the inferior or less valuable legal-tender currency will expel the superior or more valuable legal-tender currency from circulation. Early in 1862 Congress most wisely, in my opinion, authorized the issue of legal-tender paper to circulate as money, and the usual and inevitable result followed. Gold ceased to be used as money, and the banks and the Treasury having suspended specie payments, the country was flooded with depreciated currency worth at times less than 50 cents on the dollar. Later on, fractional paper currency was authorized by Congress, and the effect of this was to drive out of circulation even the light-weight subsidiary silver coins, and for many years not a single piece of metallic money of any kind was used by the people, except on the Pacific Coast, where gold continued to circulate at its actual instrinsic value, without regard to the fictitious value which the acts of Congress attributed to the legal-tender paper.

SILVER COINAGE WOULD CONTRACT THE CURRENCY.

I will endeavor to show you hereafter what effect this depreciated currency had upon the wages of labor and upon the prices of commodities which the laborers were compelled to purchase with their wages, my purpose at the present moment being simply to prove, by our own experience, that it is impossible to retain in circulation at the same time legal-tender gold and silver coins of the same denomination at any ratio which does not correspond with the actual commercial values of the two metals in the markets of the world, and that therefore THE FREE AND UNLIMITED COINAGE OF LEGAL-TENDER SILVER BY THE UNITED STATES ALONE AT THE RATIO OF 16 TO 1, WHEN THE TRUE COMMERCIAL RATIO IS ABOUT 31 TO 1, WOULD INSTANTLY CONTRACT THE CURRENCY BY THE EXPULSION OF ALL THE GOLD NOW IN THE COUNTRY. If the overvaluation of silver to the amount of a little over 1 per cent in the coinage law of 1792 expelled gold and established silver monometallism, and if the overvaluation of gold to the extent of less than 1 per cent in the acts of 1834 and 1837 expelled silver from circulation and established gold monometallism, is not the conclusion irresistible that the free and unlimited coinage of LEGAL-TENDER SILVER AT THE PRESENT TIME, AT AN OVER-VALUATION OF NEARLY 100 PER CENT, WOULD AT ONCE PLACE THE COUNTRY UPON A MONOMETALLIC SILVER BASIS? This question does not seem to me to be open to serious argument, and when it is proposed that the United States shall, in defiance of our own experience during a period of eighty-nine years, authorize the free coinage of legal-tender silver at such a ratio IT IS THE DUTY OF THE PEOPLE, AND ESPECIALLY THE DUTY OF THE LABORING PEOPLE, TO PAUSE BEFORE IT IS TOO LATE AND CAREFULLY CONSIDER WHETHER THEY WILL DETERMINE TO OVERTHROW THEIR EXISTING MONETARY SYSTEM AND SUBSTITUTE IN ITS PLACE THE DEPRECIATED SILVER MONOMETALLISM OF ASIA AND MEXICO AND THE SMALL STATES AND REPUBLICS OF CENTRAL AND SOUTH AMERICA, WITH THEIR LOW RATES OF WAGES AND THEIR HIGH RATES OF EXCHANGE. Under the coinage act of 1792 we had silver, but no gold, and under the acts of 1834 and 1837, with the free coinage of both metals, we had gold but no silver, except the token subsidiary coins after 1853, while NOW, WITH GOLD AS THE STANDARD AND THE LIMITED COINAGE OF SILVER, WE HAVE BOTH GOLD AND SILVER AS FULL LEGAL-TENDER MONEY IN LARGER AMOUNTS THAN EVER BEFORE IN OUR HISTORY, and the coins of the two metals are kept equal in purchasing power by the credit and resources of the Government, notwithstanding the difference in their intrinsic value.

SHALL WE USE BOTH METALS?

We have now about $620,000,000 in gold and $413,000,000 in full legal-tender silver, besides $78,216,677 in subsidiary silver coins, which are legal tender in payments not exceeding $10, and the real question for the public to decide is whether they will continue to use the coins of both metals or adopt a monetary system which always has and always will drive one of them out of the country. I am not here, therefore, this evening to advocate the exclusive use of gold coin as money or to oppose a conservative and safe use of silver coin as money along with gold and at a parity with gold, but I am here to insist that we shall not abandon the present legal standard of value, expel all the gold from the country, and adopt silver monometallism, with free coinage of a nominal dollar worth intrinsically only 51 or 52 cents. I AM HERE TO INSIST THAT THE MINTS OF THE UNITED STATES WHICH WERE CONSTRUCTED AND ARE MAINTAINED AND OPERATED AT THE EXPENSE OF ALL

THE PEOPLE, SHALL NOT BE USED FOR THE EXCLUSIVE BENEFIT OF THE OWNERS OF SILVER BULLION UNDER A LAW GIVING THEM THE RIGHT TO HAVE 51 or 52 CENTS' WORTH OF THEIR SILVER COINED FREE OF CHARGE AND STAMPED AS A DOLLAR, AND COMPELLING YOU AND ALL OTHERS TO RECEIVE IT FROM THEM AS A DOLLAR.

MINTS COULD NOT COIN THE HOME PRODUCTION.

All the Mints of the United States, operated to their full capacity and doing no other work, could not coin into standard silver dollars two-thirds of the annual production of silver in our own country, but notwithstanding this, it is seriously proposed to offer free coinage to all the silver in the world at a legal valuation almost double its commercial value in the markets of the foreign countries where it is produced. The annual production of silver in the world is about $216,000,000 at our coining rate, and the annual capacity of our Mints to coin standard silver dollars is only about $40,000,000. Last year we coined $43,933,475 in gold and $9,069,480 in silver; so that IF OUR MINTS WERE DEVOTED EXCLUSIVELY TO THE FREE COINAGE OF STANDARD SILVER DOLLARS THE ADDITION TO OUR STOCK OF METALLIC MONEY WOULD BE ABOUT $15,000,000 LESS EVERY YEAR THAN IT IS NOW, AND IT WOULD NOT BE GOOD MONEY AFTER IT WAS COINED. MORE THAN FIFTEEN YEARS WOULD ELAPSE BEFORE WE COULD AT THIS RATE COIN ENOUGH DEPRECIATED SILVER DOLLARS TO SUPPLY THE PLACE OF THE GOOD GOLD DOLLARS EXPELLED FROM THE COUNTRY, AND IN THE MEANTIME A COMPLETE REVOLUTION WOULD HAVE TO BE EFFECTED IN OUR COMMERCIAL RELATIONS WITH OTHER NATIONS, AND IN ALL OUR DOMESTIC BUSINESS AFFAIRS, INCLUDING A READJUSTMENT OF THE WAGES OF LABOR, THE PRICES OF COMMODITIES, the rates of municipal, State, and Federal taxation, charges for transportation, and every other matter involving the use of money or credit. We should descend by a single step from the highest standard of value to silver monometallism, with a contracted and at the same time a depreciated currency, a financial experiment which has no precedent in the monetary history of the world. Fortunately, when changes have heretofore been made in the circulation by the substitution of the coins of one metal for the coins of the other, the difference in their value has been very small and the process of substitution has been gradual and created no great financial disturbance.

RESULTS OF THE ACT OF 1792.

UNDER THE ACT OF 1792 THE DIFFERENCE IN VALUE BETWEEN THE COINS AT THE LEGAL RATIO WAS ONLY A LITTLE OVER 1 PER CENT, AND YET, WITHIN LESS THAN ONE YEAR AFTER THE ENACTMENT OF THAT STATUTE, CONGRESS WAS COMPELLED TO REINFORCE OUR STOCK OF MONEY BY MAKING CERTAIN FOREIGN COINS LEGAL TENDER IN PAYMENT OF DEBTS; and on the same day of the passage of the act of 1834, which put the country on a gold basis by undervaluing silver about 1 per cent., Congress passed another statute making the gold coins of Great Britain, Portugal, Brazil, France, Mexico and Colombia legal tender by weight in the payment of debts, thus providing as far as possible against a contraction of the currency on account of the expulsion of silver from the circulation. During the war, when gold was leaving the country, legal tender Treasury notes were rapidly issued, under the authority of Congress, to take its place, and, instead of a contraction of the currency, we had an expansion. After the war, when it was determined to change the character of our currency again by the resumption of specie payments, the law was enacted four years in advance of the time when it was to take effect, in order that ample opportunity might be afforded to adjust the business of the people to the altered conditions. Now, however, all the conservative and prudential considerations that have usually controlled in the settlement of great financial questions seem to be utterly disregarded, and WE ARE CONFRONTED BY AN ORGANIZED AND AGGRESSIVE MOVEMENT TO DESTROY BY A SINGLE BLOW THE MEASURE OF VALUE UPON WHICH ALL EXISTING CONTRACTS ARE BASED AND THUS SUBVERT THE VERY FOUNDATIONS OF OUR MONETARY SYSTEM, WITHOUT ALLOWING A SINGLE DAY TO PREPARE FOR THE CHANGE. IN THE GENERAL CONFUSION AND DISORDER RESULTING FROM SUCH A RADICAL MEASURE, WHAT WILL BE THE CONDITION OF THE AMERICAN LABORER? Will he be benefited or injured by reducing the value of the money in which his wages are paid and at the same time increasing the prices of the commodities for which his wages are expended?

DESTROYING THE VALUE OF WAGES.

After struggling for more than a quarter of a century, through labor organizations and otherwise, to secure a rate of wages which would make the proceeds of a day's work equal to the cost of a day's subsistence for the workingman and his family, you are asked by the advocates of free coinage to join them in destroying one-half the purchasing power of the money in which you are paid and impose upon yourselves the task of doubling the nominal amount of your wages hereafter; that is, to struggle for another quarter of a century, or perhaps longer, to raise your wages in a depreciated currency to a point which will enable you to purchase with them as much of the necessaries of life as you can purchase now; AND IF, AFTER YEARS OF CONTENTION, PRIVATION, AND INDUSTRIAL DISORDER, YOU SHOULD AT LAST SUCCEED IN SO ADJUSTING WAGES THAT THEY WOULD PROCURE AT THE HIGHER PRICES OF COMMODITIES JUST WHAT THEY WILL PROCURE NOW AT THE EXISTING PRICES, WHAT WOULD YOU HAVE GAINED BY THE CHANGE FROM THE OLD TO THE NEW CONDITIONS? Money received for wages, like money received on every other account, is valuable only to the extent that it can be exchanged for other commodities, and it is scarcely necessary to suggest that a dollar worth 50 cents will not purchase as much in the markets as a dollar worth 100 cents.

A NAME DOES NOT MAKE VALUES.

TO CALL A DIME A DOLLAR, WOULD ADD NOTHING WHATEVER TO ITS INTRINSIC VALUE OR TO ITS PURCHASING POWER; IT WOULD STILL BUY ONLY A DIME'S WORTH OF GOODS. If these propositions are correct, it is clear that when wages are paid in a depreciated currency the rates of wages must be increased in proportion to the depreciation of the money and in proportion to the increase in the prices of other things, or the laborer will suffer a loss. Now, I affirm that it is the universal rule that the rates of wages do not increase in proportion to the depreciation in the value of the money in which they are paid, and that when the currency is depreciated the rates of wages do not increase in proportion to the increase in the prices of the commodities the laborer is compelled to purchase. If there has been a single exception to this rule in this or in any other country, my investigations have not enabled me to find it, and I do not believe one can be found.

AMERICAN LABOR'S EXPERIENCE WITH A DEPRECIATE CURRENCY.

It is not my purpose to weary you by the presentation of voluminous statistics or by a tedious recital of facts, but the particular proposition now under consideration is of such great importance in the discussion of this subject that you must permit me to call your especial attention to THE EXPERIENCE OF THE LABORING PEOPLE IN OUR OWN COUNTRY DURING THE YEARS IMMEDIATELY FOLLOWING THE INTRODUCTION OF A DEPRECIATED PAPER CURRENCY IN 1862, AND ALSO TO THE VERY LOW RATES OF WAGES WHICH NOW PREVAIL IN COUNTRIES HAVING THE SILVER STANDARD OF VALUE, or the so-called double standard of value with coinage of silver at a legal ratio not corresponding with the commercial value of the metal, and in doing this I will make no statement that can not be fully sustained by reliable evidence.

On the 3d of March, 1893, a subcommittee of the Committee on Finance in the United States Senate made a report on the course of prices and wages in this country for a period of fifty-two years, embracing the prices of almost every article of consumption in common use among the people and the rates of wages in almost every industry carried on during that time, and, in order that you may learn from this official and impartial investigation what effect a depreciated currency has on wages and prices, I will briefly state some of the most material facts and conclusions embodied in that document.

AN UNBIASED INVESTIGATION.

The subcommittee consisted of five Senators, representing both political parties and both sides of the currency question, and the investigation, which lasted nearly two years, was most thoroughly and impartially made, with no purpose in view except to ascertain and report the actual facts; and, so far as it relates to questions of fact, the report was unanimous. As stated heretofore, Congress, early in the year 1862, inaugurated the policy of issuing legal-tender paper, gold was driven out of circulation, specie payments were suspended, the currency began at once to depreciate, and before the close of the year the paper dollar was worth less than 76 cents in gold. From the time the depreciation began the prices of commodities and the wages of labor were paid in paper currency, and the injurious effect upon the interests of the laboring man is clearly shown in the report referred to. In 1862 THE WAGES OF LABOR, PAID IN DEPRECIATED PAPER, WERE LESS THAN 3 PER CENT HIGHER IN PAPER THAN WHEN PAID IN GOLD, BUT THE PRICES OF THE 223 ARTICLES USED BY THE LABORERS AND OTHER PEOPLE IN THE MAINTENANCE OF THEIR FAMILIES WERE NEARLY 18 PER CENT HIGHER THAN THEY WERE WHEN PAID IN GOLD; in 1863 the wages of labor paid in depreciated paper worth about 69 cents on the dollar, were 10½ per cent higher than when paid in gold, but the prices of the articles the laborer had to buy with his wages were nearly 49 per cent higher; in 1864 the wages of labor paid in depreciated paper dollars worth 49 cents each had advanced 25½ per cent, but the prices of the necessaries of life had advanced 90½ per cent.; in 1865 wages paid in paper currency worth 63 cents on the dollar had advanced 43 per cent above the rates previously paid in gold, or its equivalent, but the prices of commodities had advanced nearly 117 per cent—that is to say, had more than doubled; and in 1866 wages paid in a currency worth 71 cents on the dollar had advanced a fraction more than 52 per cent from the previous rates in gold or its equivalent, but the price of commodities had advanced 90 per cent.

THE RATIO BETWEEN WAGES AND PRICES.

The rise in the rates of wages never corresponded with the rise in the prices of other things until the year 1869, four years after the close of the war, when the value of our currency was 71 cents on the dollar, and it was quite certain that no further depreciation would occur. In 1860 this country was on a gold basis and had been on that basis for many years, under the operation of the acts of 1834 and 1837. Wages were then paid in gold, or its equivalent, and by reducing the wages paid in a depreciated currency to a gold basis, and comparing them with the rates paid in gold in 1860, we shall have another demonstration of the injurious effects of cheap money on the interests of the laborer. On this basis the laborer received 76 cents and 2 mills in 1863, instead of the gold dollar he received in 1860; in 1864 he received 80 cents and 8 mills instead of a gold dollar, and in 1865 he received 66 cents and 2 mills instead of a gold dollar. In other words, THE WAGES OF LABOR, MEASURED BY GOLD, AS THEY WERE IN 1860, WHEN WE HAD A SOUND CURRENCY, HAD FALLEN ABOUT 24 PER CENT IN 1863, MORE THAN 19 PER CENT IN 1864, AND NEARLY 44 PER CENT IN 1865, WHEN WE HAD A DEPRECIATED CURRENCY; and, gentlemen, the force of this illustration is greatly augmented by the facts that these reductions in the rates of wages occurred at a time when several thousand laborers had been withdrawn from the field of competition, when the Government was engaged in the prosecution of a great war and was expending money lavishly for all kinds of supplies for the Army and Navy, and when the prices of all the products of labor had largely increased. Surely, if there ever can be a time when an abundance of cheap money will increase the wages and improve the condition of laboring men, these results ought to have been accomplished under the combination of favorable circumstances existing, especially in the great centers of industry, from 1861 to 1865, and yet there has been no other period in our history when the rates of wages fell so rapidly or so low.

AN IMPRESSIVE WARNING FROM CHILE.

The recent experience of the Republic of Chile furnishes another impressive warning to the wage-earner against the evils of a depreciated currency. That country had for a long time the so-called double standard of value, with coinage of legal tender gold and silver at the ratio of 16.39 to 1, but as this was a considerable undervaluation of silver, the coins of that metal went out of circulation and gold constituted the medium of exchange and actual standard of value until about the beginning of the year 1876; but as soon as the commercial value of silver fell below the ratio of 16.39 to 1 as compared with gold, all the gold went out of circulation and the country had silver monometallism. In 1875, before this change took place, the peso, or dollar, of Chile, was worth about 88½ cents in our money, but in 1885, ten years after gold went out and silver came in, the peso was worth less than 53 cents in our money. Silver continued to depreciate, and, besides, large amounts of paper currency were issued by the government and the banks, and in 1895, twenty years after the change from the gold basis to the silver basis, the peso was worth only 34½ cents in our money.

EFFECT OF SILVER MONOMETALLISM ON WAGES.

Let us see, now, what effect this cheap money, or in other words this system of silver monometallism which you are asked to adopt here, had upon the wages of labor in that country. Our Minister at Santiago has very recently made an official investigation and report upon this subject, which has not yet been published, from which it appears that in the northern part of Chile, where labor has always been in greater demand than elsewhere, on account of the great nitrate fields located in that section of the country, very little change took place even in the nominal rates of wages, notwithstanding the great fall in the value of the currency; that is, laborers continued to receive in depreciated money about the same amount they received before in good money. In 1875, when the peso was worth 88½ cents, a mechanic, a boiler maker, a blacksmith, a carpenter, a fireman, and an ordinary laborer received together for a day's work 18½ pesos, or $16.37 in our money; in 1885 the same persons received for the same work 20¾ pesos, but owing to the depreciation of the currency this was equal to only $10.93 in our money; and in 1895, twenty years after the country had descended to a silver basis, the same laborers received for the same work 25.95 pesos, but the value of the peso was less than 35 cents, and consequently their wages amounted to only $8.34 in our money, or just about one-half what they had received twenty years before.

THE AMERICAN MINISTER'S DECLARATION.

In the central part of the country the result was substantially the same, though not quite so injurious to the laborer. In 1875 a day's wages for five men—a mason, a carpenter, a gas fitter, a painter and an ordinary laborer—amounted altogether to $6.45 in our money; but in 1885 the wages of the same men were $5.53, and in 1895, $4.99. In the southern part of the republic there was some increase in the nominal amount of wages paid between 1876 and 1889, on account of the fact that a line of railway was then being constructed through that region by foreign capital, but since the latter date the general average rate of wages has remained substantially the same, although paid in constantly depreciating currency. Our Minister to Chile, after a very careful examination of the entire situation in that country, says: "IT MAY BE TAKEN FOR GRANTED THAT IN CHILE, AS IN ALL OTHER COUNTRIES WHICH HAVE HAD A LIKE FINANCIAL EXPERIENCE, THE CONSEQUENCES OF CHEAP MONEY HAVE WEIGHED MOST HEAVILY UPON THE CLASSES THAT ARE LEAST ABLE TO SUPPORT THE BURDEN." The evils of silver monometallism and a depreciated currency finally became intolerable in that country, and, although it produces considerable silver and very little gold, it has recently changed its policy and adopted the gold standard of value.

THE GOLD STANDARD INCREASES WAGES.

IN NEARLY EVERY COUNTRY IN THE WORLD HAVING THE GOLD STANDARD OF VALUE THE WAGES OF LABOR HAVE INCREASED MATERIALLY DURING THE LAST TWENTY-FIVE YEARS, AND, AT THE SAME TIME, THE PURCHASING POWER OF THE MONEY IN WHICH WAGES ARE PAID HAS INCREASED ALSO, WHILE IN THE COUNTRIES HAVING THE SILVER STANDARD OF VALUE WAGES HAVE BEEN ACTUALLY REDUCED BY THE DEPRECIATION OF THE CURRENCY TO SUCH AN EXTENT THAT THE LABORER IS IN A MUCH WORSE CONDITION THAN HE WAS AT THE BEGINNING OF THAT PERIOD. Japan, by far the most progressive and prosperous country in the East, coins both gold and silver at the ratio of 16.18 to 1, a ratio which greatly overvalues silver, and, as the government does not maintain the parity of the two metals, the currency is on a depreciated silver basis. Wages are paid in silver, of course, because the laboring men and women always get the cheapest money in circulation, and they generally pay the highest prices for the articles they buy, for the reason that their purchases are usually made in small quantities at a time. The Japanese silver yen is worth a little less than 50 cents in our money; and when the wages of labor, paid in this depreciated coin, are reduced to our standard of value, they appear so insignificant that it is difficult to understand how the people who receive the miserable pittance can live and maintain their families. The average daily earnings of a bricklayer amount to 33 cents; blacksmiths, carpenters and cabinetmakers receive 30 cents; compositors in printing offices, 29 cents; pressmen, 26 cents; roofers, 29 cents; stonecutters, 36 cents; ordinary tailors, 28 cents; weavers, 15 cents; and in all the long list of occupations and wages no laborer, however skilled, can be found who receives more than 49 cents per day, except porcelain artists in the great city of Yokohama, who get 72 cents. Factory laborers even in that city, where most of the great industries are carried on by American or European capitalists, receive 21 cents per day, and in other parts of the country they receive less.

FREE SILVER IN MEXICO—SOME RESULTS.

Our neighboring Republic of Mexico, with a constitutional government very similar to our own, with an area of 767,000 square miles and a population of only about 12,000,000, with almost marvelous natural resources awaiting development, and offering a most inviting field for the investment of capital and the employment of labor, has the silver standard of value, gold not being in use, and if cheap money is a blessing to the laboring man, he ought to be prosperous and happy in that country. The Mexican dollar contains 377.17 grains of pure silver, or nearly 6 grains more than is contained in our dollar, and yet, not being sustained by a monetary system which keeps it at a parity with gold, it is worth only about 53 cents in our money. Wages are paid in silver. and are very low in comparison with the wages paid in this country for the same services, in many instances not being half as much, while the prices of commodities generally are much higher than they are here. The prices of imported articles especially are exorbitantly high in Mexico, because they have to be paid for abroad in gold, and the depreciation of their money is so great that IT REQUIRES NEARLY TWO DOLLARS IN SILVER TO PAY ONE IN GOLD.

WHY OUR SILVER DOLLAR BUYS MORE IN MEXICO.

Although our own silver dollar contains less fine silver than the Mexican dollar, one of ours is nearly equal in exchangeable value to two of theirs, because here the coinage is limited and the Government issues the coins on its own account and has pledged its faith and credit to keep them as good as gold, a pledge that has been faithfully kept up to this time, notwithstanding the complaints and denunciations of our free-coinage opponents. UNDER OUR POLICY THE DOLLAR PAID TO THE LABORING MAN FOR HIS WAGES IS JUST AS GOOD AND WILL PURCHASE JUST AS MUCH IN THE MARKETS AS THE DOLLAR PAID TO THE BONDHOLDERS, OR TO ANY OTHER CLASS OF CREDITORS; BUT IF WE ARE TO HAVE FREE AND UNLIMITED COINAGE OF LEGAL-TENDER SILVER FOR THE BENEFIT OF THE OWNERS OF THE BULLION, THE GOVERNMENT AND THE PEOPLE AT LARGE WOULD HAVE NO INTEREST WHATEVER IN THE COINS, AND IT WOULD BE GROSSLY UNJUST TO REQUIRE THE GOVERNMENT TO KEEP THEM EQUAL IN UNCHANGEABLE VALUE TO GOLD. THE DOLLARS, AS RAPIDLY AS COINED, WOULD BE DELIVERED TO THE OWNERS OF THE BULLION FREE OF CHARGE, AND THE GOVERNMENT WOULD HAVE NO LEGAL OR MORAL RIGHT TO TAX ALL THE PEOPLE OF THE COUNTRY IN ORDER TO PROCURE GOLD

WITH WHICH TO REDEEM THESE PRIVATE COINS. THE VALUE OF OUR DOLLAR WOULD, THEREFORE, BE NO GREATER THAN THE INTRINSIC OR COMMERCIAL VALUE OF THE SILVER CONTAINED IN IT, AND ITS PURCHASING POWER IN THE MARKETS WOULD BE DIMINISHED ABOUT ONE-HALF; BUT THE WAGES OF LABOR WOULD REMAIN, FOR A LONG TIME, AT LEAST, SUBSTANTIALLY AT THE PRESENT RATES, OR IF THEY SHOULD BE NOMINALLY INCREASED ON ACCOUNT OF THE DEPRECIATION OF THE CURRENCY, EXPERIENCE IN THE PAST SHOWS THAT THEY WOULD NOT INCREASE IN PROPORTION TO THE INCREASE IN THE PRICES OF COMMODITIES. Rises in the rates of wages take place very slowly, while the prices of commodities move rapidly, at some periods changing several times in the course of a single day, and these movements are always more frequent and more harmful when the currency is in an unsettled condition.

A MOVEMENT TO REDUCE WAGES.

You have doubtless observed recently what appears to be quite a formidable demonstration in favor of the free coinage of silver by certain large manufacturing interests in the eastern part of the country, upon the ground that if we continue to maintain our present standard of value the silver standard countries, especially India, China, and Japan, will soon be able to undersell them in the markets of the world. Reduced to its simplest form, the proposition of these gentlemen is that THE MANUFACTURERS OF CERTAIN KINDS OF GOODS IN THIS COUNTRY CAN NOT CONTINUE TO PAY THEIR LABORERS HIGH WAGES IN GOLD, OR ITS EQUIVALENT, AND COMPETE SUCCESSFULLY IN THE MARKETS ABROAD WITH THE MANUFACTURERS OF SIMILAR GOODS IN SILVER-STANDARD COUNTRIES, WHO PAY THEIR LABORERS LOW WAGES IN DEPRECIATED SILVER AND, THEREFORE, THEY INSIST THAT A MONETARY SYSTEM SHALL BE ADOPTED HERE WHICH WILL GIVE THEM THE ADVANTAGE OF PAYING FOR THEIR LABOR IN DEPRECIATED SILVER. THE THEORY IS THAT WITH FREE COINAGE OF LEGAL-TENDER SILVER, THE WAGES OF LABOR IN THIS COUNTRY WOULD BE PAID IN SILVER DOLLARS WORTH ABOUT HALF AS MUCH AS GOLD DOLLARS, BUT THE PRODUCTS OF LABOR, WHICH WOULD BELONG TO THE EMPLOYER, WOULD BE SOLD FOR GOLD IN THE MARKETS ABROAD, AND THAT THE GOLD THUS OBTAINED COULD BE EXCHANGED FOR SILVER AT ABOUT THE RATE OF ONE DOLLAR IN GOLD FOR TWO DOLLARS IN SILVER; and thus the process would go on, the employer getting gold of full value, and the laborer getting depreciated silver, which, in the opinion of these gentlemen, would be a most happy solution of this question.

AMERICAN LABOR DEMANDS PAYMENT IN GOOD MONEY.

If the interests of labor are to be left entirely out of consideration, and if it were not reasonably certain that a sudden revolution in our monetary system would at once arrest the progress of all our industries, and produce almost universal bankruptcy, this scheme to make the employer very rich, and the laborer very poor, might be worthy of serious consideration; but THE AMERICAN LABORER HAS A RIGHT TO DEMAND PAY FOR HIS WORK IN AS GOOD MONEY AS THE EMPLOYER RECEIVES FOR HIS PRODUCTS IN ANY PART OF THE WORLD, AND WHEN HE SURRENDERS THIS RIGHT HE IS DOOMED TO THE

SAME FATE THAT HAS ALREADY OVERTAKEN HIS BROTHERS IN THE SILVER-STANDARD COUNTRIES. It is but simple justice to say, in this connection, that the great body of employers, a vast majority of the men who have embarked their capital in industrial enterprises and are relying for success upon their skill and energy in the prosecution of their business, do not want the present standard of value overthrown, because they know that the establishment of silver monometallism would be ruinous to them and to all who are dependent upon them for employment, or for the supply of commodities at reasonable prices.

AMERICAN LABOR IS A LARGE CREDITOR—THE DEBTS DUE IT.

If the solution of this question affected only the character and amount and purchasing power of the future earnings of the American laborer, it would still be a subject of the gravest importance to him; but its importance is greatly increased by the fact that the safety and value of a very considerable part of THEIR PAST EARNINGS ARE ALSO INVOLVED. The thrifty and provident workingman, anticipating a time when he may be disabled or deprived of employment, has endeavored to save something out of his earnings, in order to provide for the comfort of his wife and children in the future, and has laid it away at home, or deposited it in a bank or building association, or invested it in a life insurance policy, or loaned it to some friend in whom he has confidence. He is not a debtor, but a creditor, and the corporations and individuals having the custody of his earnings are indebted to him, and ought to pay what they owe him in just as good money as he put into their hands.

WORKINGMEN'S DEPOSITS IN SAVINGS INSTITUTIONS.

According to the latest reports, the savings banks in your own State hold $24,357,400 on deposit for 83,802 people, or an average of $257 for each depositor, and in the whole country they hold $1,810,597,000 for 4,875,519 people, or an average of $371 for each depositor. State banks, trust companies, and private banks hold $1,340,888,000 for about 1,500,000 people, and national banks hold $1,701,653,521 for 1,929,340 depositors, of whom 1,724,000 have less than $1000 to their credit. Besides these institutions, there are 6000 building and loan asociations in the United States, having about 1,800,000 shareholders, male and female, who have paid dues in good money, amounting to more than $500,000,000. There are nearly 700 of these associations in the State of Illinois alone, and in these institutions many laborers—men, women, and even children—have deposited every dollar they could spare, often denying themselves some of the comforts of life, in order to lay up something for a time of need.

More than 2,000,000 of our people have taken out life insurance policies, which are now in force, amounting to $4,202,857,323, and have paid the premiums on them year after year in good money, while the mutual benefit and assessment and co-operative and fraternal companies and associations have 3,500,000 members who have contributed a large part of their earnings to the funds held to reimburse losses sustained by sickness or death. The obligations of these companies and associations to their members amount to $5,184,670,936; and the industrial companies in the United States have a membership of 6,919,998, with insurance amounting to $816,650,678 in addition to all the foregoing, and it is constantly increasing. How many laboring men and women have taken out policies or otherwise contributed from their earnings to insure themselves against loss by accident while engaged in the prosecution of their work cannot be accurately ascertained, but the number is known to be very large.

MAGNITUDE OF SAVING DEPOSITS.

THE BANKS, TRUST COMPANIES, BUILDING ASSOCIATIONS AND OTHER SIMILAR INSTITUTIONS OWE THE PEOPLE OF THE UNITED STATES TO-DAY $5,353,138,521 FOR MONEY ACTUALLY DEPOSITED, A SUM NEARLY EIGHT TIMES GREATER THAN THE TOTAL CAPITAL OF ALL THE NATIONAL BANKS IN THE COUNTRY; while the life insurance policies held by the people in the various kinds of corporations and associations and in force to-day amount to $10,203,804,357, a larger sum than has been actually invested in all our railroads, and about fifteen times larger than the capital of all the national banks. In view of these facts, which can not be successfully disputed, I submit that YOU OUGHT SERIOUSLY TO CONSIDER ALL THE CONSEQUENCES TO YOURSELVES AND YOUR FELLOW CITIZENS BEFORE YOU AGREE TO THE FREE AND UNLIMITED COINAGE OF LEGAL TENDER SILVER AT A RATIO OF 16 TO 1, IN ORDER THAT THESE GREAT CORPORATIONS AND ASSOCIATIONS MAY HAVE THE PRIVILEGE OF DISCHARGING THEIR DEBTS TO THE PEOPLE BY PAYING 51 OR 52 CENTS ON THE DOLLAR, FOR THAT IS EXACTLY WHAT IT MEANS.

WILL DEMAND THEIR DEPOSITS IN THEIR ORIGINAL VALUE.

It is a low estimate to say that each one of the depositors in savings and other banks and in building associations, and each holder of a life insurance policy and member of a mutual benefit and assessment association has dependent upon him or her an average of at least two other persons, and, if so, a majority of all our people are directly or indirectly creditors of these corporations and associations and are interested in the preservation of a standard of value which will insure the payment of their claims in as good money as they parted with when they made their loans or deposits or paid their assessments or premiums. EVERY DOLLAR THE PEOPLE PUT INTO THESE BANKS AND TRUST COMPANIES AND OTHER INSTITUTIONS, AND EVERY DOLLAR THEY PAID FOR INSURANCE WAS WORTH 100 CENTS AND WOULD PROCURE 100 CENTS' WORTH OF COMMODITIES IN THE MARKET WHEN THEY EARNED IT AND WHEN THEY INVESTED IT, AND THEY HAVE AN UNQUESTIONABLE RIGHT TO DEMAND THAT IT SHALL BE REFUNDED TO THEM IN DOLLARS WORTH 100 CENTS EVERYWHERE. The adoption of any policy that would deprive them of this right would not only inflict an enormous loss upon them, but would so seriously impair their faith in the fidelity and utility of such institutions that attempts to accumulate and save surplus earnings would be abandoned, or at least greatly discouraged, for a long time to come.

FREE COINAGE WOULD SCALE OR DESTROY THE DEBT.

But if free and unlimited coinage of legal tender silver at the ratio of 16 to 1 is established in this country, a very large part of the money deposited in these various kinds of savings institutions will not even be repaid in depreciated silver, but will be wholly lost, because such a reckless monetary system would precipitate a financial panic, which very few, if any, of the depositories could survive. I doubt that there is a single financial institution in the country that could sustain the pressure that would be immediately made upon it by its depositors and other creditors, when it became apparent that our standard of value was to be lowered and our currency depreciated by free coinage. Payment of all our obligations held abroad would be demanded in gold at once; every investment of foreign capital in this country would be instantly withdrawn; every man who owed a debt at home or abroad would be called upon to pay it. All depositors in banks and other institutions would want to withdraw their money at the same time: NO LOANS COULD BE NEGOTIATED AND NO CREDIT WOULD BE GIVEN, BECAUSE NO MAN WOULD LEND MONEY OR SELL PROPERTY ON TIME WHEN HE KNEW WITH ABSOLUTE CERTAINTY THAT HE WOULD BE PAID IN A DEPRECIATED CURRENCY. CREDITORS WOULD NOT WAIT FOR THE ACTUAL PASSAGE OF A FREE-COINAGE LAW, BUT AS SOON AS SUCH A MEASURE HAD RECEIVED THE APPROVAL OF THE PEOPLE AT AN ELECTION THEY WOULD DEMAND THEIR MONEY, AND IF NOT PAID THEY WOULD ENFORCE ITS COLLECTION BY JUDICIAL PROCEEDINGS AND THE FORCED SALE OF PROPERTY. It is useless for you and me or anybody else to say that depositors in banks and other creditors ought not to pursue this course when a crisis comes, or is apprehended, for they always have pursued it, and always will, unless human nature itself should be changed.

THE RECENT FINANCIAL CRISIS.

Less than three years ago you saw our financial, commercial and industrial affairs violently disturbed by the fear that the Government would not be able to maintain gold payments, and that our currency would descend to a silver basis. You saw the operations of industry interrupted, banks failing, great commercial houses unable to meet their obligations, credit seriously impaired, mills and factories closed and thousands of laborers thrown out of employment, and a state of panic and business disorder prevailing in every part of the country. If a mere doubt as to the kind of money we intended to use produced these distressing results, what think you would be the probable consequences of a deliberate determination upon the part of our people to adopt silver monometallism as a permanent system? The imagination can scarcely conceive the deplorable state of society that would immediately follow the announcement of such a policy, and I will not attempt to describe it. It can not be possible that in the closing years of the nineteenth century and in this great and free Republic the people themselves will imitate the bad examples set by the corrupt potentates of Europe, who have made their names forever odious in history by debasing the money of their subjects and robbing the industrious poor of the just rewards of their labor. THE GREATEST CRIME, SHORT OF ABSOLUTE POLITICAL ENSLAVEMENT, THAT COULD BE COMMITTED AGAINST THE WORKINGMAN IN THIS COUNTRY WOULD BE TO CONFISCATE HIS LABOR FOR THE BENEFIT OF THE EMPLOYER BY DESTROYING THE VALUE OF THE MONEY IN WHICH HIS WAGES ARE PAID. But, gentlemen, this irreparable wrong can never be perpetrated under our system of government unless the laboring man himself assists in forging his own chains.

And, now, gentlemen, having submitted as briefly and as plainly as the nature of the subject would permit, some of the reasons why I think your interests demand the maintenance of a sound and stable currency, I thank you most sincerely for your kind and patient attention, and will detain you no longer.

The Treasury Condition—16 to 1 Free Silver.

SPEECH

OF

Hon. Nelson Dingley, Jr.,

OF MAINE,

IN THE

HOUSE OF REPRESENTATIVES.

February 5, 1896.

WASHINGTON, D. C.
1896.

DINGLEY

ON

Treasury Condition—16 to 1, Free Silver.

MR. DINGLEY said:

Mr. Chairman: At the proper time, under the instructions of the Committee on Ways and Means, I shall move that the House nonconcur in the Senate amendment in the nature of a substitute and insist upon the bill as it passed the House.

If there were no other reasons, Mr. Chairman, for nonconcurring in the substitute amendment of the Senate, it would be sufficient that the Senate has returned to the House not one line or one word of the bill which the House sent to the other body, but a substitute on another subject entirely distinct, which, if it had been moved as an amendment in the House, would at once have been ruled out of order as not germane to the subject which the House was considering.

WHAT THE HOUSE PROPOSED.

The House sent to the Senate two bills. The first provided for an increase of the revenue to the extent of about $40,000,000, to prevent deficiencies and to furnish the Government sufficient revenue to meet its expenses. It also sent to the Senate a second bill—the pending bill—proposing three things: First, authorizing a reduction of the rate of interest and the length of time during which bonds should run, when issued under the resumption act of 1875; reducing the rate of interest from 4 per cent., as provided under the act, to 3 per cent., and reducing the length of time which the bonds had to run from thirty years to five years, with a maximum of fifteen years.

The bill as sent from the House to the Senate also provided that whenever bonds should be issued under the act of 1875 they should be offered first to the American people as a popular loan; and lastly, that the proceeds of the sale of the bonds under the act of 1875 should be devoted exclusively to resumption purposes under that act, and that whenever, incidentally, there should be a failure of revenue to meet the expenses certificates of indebtedness running three years and payable from revenue to accrue should be used instead of the proceeds of the sale of bonds.

The House is entitled to some answer to the propositions in which they asked the concurrence of the Senate. If the Senate had returned the House bill with an amendment, proposing to repeal the act of 1875, there would have been at least some relevancy in their action. But a majority of the Senate distinctly defeated a proposition of that kind, thus practically confirming the continuance of the issuance of bonds under the act of 1875, running thirty years and bearing 4 per cent. interest, and refusing to authorize a reduction of the rate of interest to 3 per cent. and limitation of time to fifteen years; and doing this, too, when they knew that 4 per cent. bonds running thirty years would continue to be issued under the act of 1875 if the House bill should not be concurred in by the Senate.

If the Senate had promptly concurred in this House provision, the hundred million loan for which bids have just been opened would have been made a 3 per cent. loan and offered at par to the American people. And the responses made to this 4 per cent. loan make it certain that every dollar would have been taken, and the saving to the people in this loan alone would have been at least $80,000,000.

The House, Mr. Chairman, is entitled to a definite answer to the second proposition that it made, that bonds issued under the act of 1875 should be first offered as a popular loan to the American people. The majority of the Senate have struck out that provision of the House bill, and thus has permitted a repetition of the sale of bonds to foreign syndicates at inadequate prices without offering them to the American people.

I take it that the House proposes to insist on these two propositions, and, further, to insist on its third proposition, that when bonds are sold under the act of 1875 the proceeds shall be devoted exclusively to redemption purposes, as provided in the act of 1875, and not to be indirectly used, as they have been practically used during the past two and a half years, to meet deficiencies of revenues.

SALE OF BONDS TO MEET REVENUE DEFICIENCIES.

What has been going on, Mr. Chairman, for the last two and a half years? One hundred and sixty-two million dollars of bonds have been sold, from which has been realized $182,000,000 in gold. One hundred and eighty-two million dollars in greenbacks have been redeemed, and immediately $133,000,000 of the $182,000,000 redeemed have been paid out to meet a deficiency in revenue, and thus made available for a second presentation for redemption.

The House bill proposes to stop that procedure, and to provide that all the proceeds of bonds shall be devoted exclusively to the one purpose of maintaining the redemption fund, and that whenever there shall be a deficiency of revenue that certificates of indebtedness shall be sold, bearing interest not exceeding three per cent. and payable from revenue within three years. This would have practically separated the reserve or redemption fund from the funds devoted to the payment of current expenses.

Mr. Chairman, the House, I take it, will insist upon all three of its propositions. It will not consent that a bill sent to the Senate bearing upon a distinct subject, to accomplish the three distinct purposes which I have named, shall be returned to this House with every line and every word struck out and an entire measure substituted, not only upon a different subject, but on a subject not having the slightest relation to the three points on which the House asked the concurrence of the Senate.

The propositions contained in the pending measure as it passed the House are so important to a restoration of the Treasury to the sound condition which existed from 1879 to 1893 that the House ought to insist on the action it has already taken.

I might stop here, Mr. Chairman, and not proceed to discuss at all the substitute that has been proposed by the Senate. I might be and every gentleman here might be in favor of every line of the Senate substitute, and yet this House would have a right to demand of the Senate that it should either concur in our action or present an amendment repealing the act of 1875—leaving legislation on another subject to come up in an orderly way. One or the other horn of this dilemma, if the majority of the Senate choose to call it a dilemma, the Senate ought to be required to take. Either authority should be given to reduce the rate of interest and to require public loans, or else the act of 1875 should be repealed.

THE NATIONAL CREDIT.

But, Mr. Chairman, I do not propose to stop here. I desire to discuss, as briefly as possible, the character of the substitute which the Senate has presented; a substitute, be it remembered, on an entirely different subject. What is that substitute? It consists of three parts. The last proposition (for I will consider them in inverse order) authorizes and directs the Secretary of the Treasury to redeem greenbacks or Treasury notes, at his option, in either standard silver dollars or gold.

Now, what is the object of that proposed legislation? If it does nothing except simply authorize the Secretary of the Treasury, at his option, to select either form of money in redemptions, then it is merely the law as it exists now, and has existed for years. But no doubt it will be claimed—and I am not sure but with good reason—that inasmuch as this legislation reaffirms the existing law and omits the parity provision of the act of 1890, it would repeal this provision. Perhaps it was intended to do that. What was that parity provision of the act of 1890 which limited, or at least indicated the direction of the discretion of the Secretary of the Treasury? It was the declaration that it is—

The established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio or such ratio as may be provided by law.

Is it the object of this substitute to repeal the parity provision of the act of 1890 by this legislation, so as to give some basis to the claim that it was intended to mean that if gold and silver coins should part, then the Secretary of the Treasury should pay for redeemed notes in the cheaper money? And is it intended to follow this up with other legislation which will break the parity between gold and silver?

Mr. Chairman, whether that was intended or not, if this substitute should become law there is not a man in this country who has money to loan to the Government but would take alarm if such legislation should be had at this time, fearing that the Government of the United States had reached the point where it desired to break the parity between the two metals, and that therefore this legislation was to be taken as notice to all the world that at an early date it was proposed to have such further legislation as would make our gold and silver coins part company.

For if it is proposed not to have them part company, but to maintain silver and gold at a parity—for everybody knows that our standard silver dollars were coined on the account and for the profit of the Government, and are therefore maintained at a parity with gold by limitation of the amount and indirect redemption by receiving them for gold duties—then what would be gained by a declaration which would serve only to increase distrust?

The suggestion that France compels the holders of the French paper currency to sometimes accept silver in part payment at least of notes presented for redemption, and yet preserves the parity of these notes with gold, overlooks the fact that it is not the Government of France that issues circulating notes, but a corporation distinct from the Government, known as the Bank of France, which maintains a coin reserve of nearly six hundred and thirty-four millions (of which nearly three hundred and eighty-five millions is gold) against a note circulation of only six hundred and seventy-five millions, and which as a bank of discount can protect its reserve by raising the rate of discount and other means not available to a government that issues its own notes without any assets except revenue derived from taxation. Moreover the Government of France does not permit the free coinage of silver, and maintains her full legal tender silver at a parity with gold precisely as the Government of the United States maintains our silver.

A GOVERNMENT NOTE IS THE DEBT OF HONOR.

There is no doubt of the power of the United States to redeem greenbacks or pay any Government obligations in any kind of money that it chooses, or even to repudiate the entire debt. A government cannot be sued or its assets attached. A government note or bond is a debt of honor, and the only assurance the holder of a government note or bond has that he will receive what he or the creditor who sold him such promise loaned to the government is his confidence in the good faith of the nation which gave it.

The only question for the nation which gave the promise is not one of technical power to discharge the debt in inferior money, for it has that power, but one of honor and good faith. And even this question must be considered in the light of the fact that the life of a nation is not limited like that of an individual to a few brief years, but will probably go on for many generations and centuries. It is certain that any nation will sooner or later come into straits where its reputation for good faith in the payment of its obligations will not only secure for it credit which would have not otherwise been granted, and credit, too, on terms far more advantageous than would have otherwise been possible. Whatever may happen, I feel assured that the people of this country will see to it that every dollar of the money which they have borrowed and for which obligations are now outstanding, all of which has been gold or its equivalent, will be paid in money of equal value to that which we have received. (Applause.)

And when nothing is to be gained by any other course, wisdom, if nothing else, would dictate that we talk very little about expedients which would be regarded by the world as looking to repudiation. For so long as we maintain the policy of preserving the parity between our gold and our silver coin—and we cannot have both gold and silver at the same time as money unless we do preserve that parity—so long as we do preserve it not one farthing is to be gained by forcing upon any unwilling creditor a kind of money which, for any reason, he may distrust.

In fact, if we would drop that kind of talk and speak boldly and honestly of our intention to maintain our good faith, all kinds of money would be accepted without the least question by anyone. Why, sir, I am informed that until 1893 the bondholders accepted, even in payment of bonds, the current currency of the country without any question, in large part because there was no reason to distrust our good faith and our purpose to maintain the two kinds of money at a parity.

THE SILVER DOLLARS IN THE TREASURY.

Mr. Chairman, judging from much that I have heard here and elsewhere, there is an impression that we have in the Treasury of the United States a large mass of silver dollars belonging to the Government that could be used for the purpose of redeeming the greenbacks. But where are they, Mr. Chairman? I have here the report of the Treasury Department for yesterday. How many silver dollars are there in the Treasury? Three hundred and fifty-three million dollars, besides the fund set aside for the redemption of the Treasury notes. What is the condition of that $353,000,000? Three hundred and forty-six million dollars of silver certificates are outstanding against them. Who owns the 346,000,000 silver dollars deposited, represented by $346,000,000 of silver certificates outstanding? Not the Government, but the people of this country; there is scarcely a citizen of the United States who does not own some of them by having in his possession a silver certificate. Only 7,000,000 of silver dollars outside of the fund under the act of 1890 are in the Treasury to-day, belonging to it in such a way as to be made available for the redemption of the greenbacks. Therefore, what is proposed is to disturb confidence in this country still more—to create the impression that we propose to repudiate something whether we do or not—all because of simply $7,000,000, and every one of these silver dollars can be used for other purposes instead of greenbacks, and thus maintain the confidence which existed from 1879 to 1893.

There is no excuse in the present condition of the Treasury for parading abroad throughout this country again what is already the law, unless you propose to repeal the parity act of 1890 and increase a distrust which already exists. The end of using these $7,000,000 for redemption purposes does not justify the means.

Mr. McRAE: I ask the gentleman to tell us how much silver bullion there is in the Treasury purchased under the act of 1890, and why that should not be coined into silver dollars and used to redeem the Sherman Treasury notes, and thereby to that extent relieve the drain upon the gold reserve?

THE TREASURY BULLION AND THE CERTIFICATE DEVICE.

Mr. DINGLEY: I am coming to that. My friend from Arkansas asks, why not use the silver bullion which was purchased under the act of 1890 by the use of Treasury notes? We are using it every day, gradually and safely, under the operation of the unrepealed provisions of the act of 1890, for the redemption and cancellation of these Treasury notes. But should it be used for the redemption of the greenback? Are you not aware, my friend, that there is a redemption going on every day—a redemption of Treasury notes with silver dollars coined from the fund of silver bullion that was purchased under the act of 1890?

Mr. McRAE: To what extent?

Mr. DINGLEY: More than $18,000,000.

A MEMBER: Nineteen million dollars.

Mr. DINGLEY: Nearly $19,000,000 has been redeemed, and most of it in the past year and a half.

Now, let us consider what the process is that is going on, and going on safely, at the present time. We have in the Treasury as a redemption fund under the act of 1890 silver bullion that cost $124,000,000 and $13,000,000 of coined silver dollars, against one hundred and thirty-seven millions of Treasury notes. Under that act it is provided that this silver bullion shall be coined as fast as it may be required for the redemption and cancellation of Treasury notes that may be presented for redemption in silver dollars. How does it happen that while this volume of Treasury notes was originally over $155,000,000 it is to-day only $137,000,000? There is going on a process of redemption and cancellation of Treasury notes by the substitution of silver certificates, gradually and safely, as business demands. This comes under a provision of the act of 1890, which provides that the volume of outstanding Treasury notes shall at no time exceed the silver dollars coined from the bullion purchased under this act and the cost of the uncoined bullion; so that when a Treasury note is redeemed in silver it must be immediatelry canceled, as the silver dollar or silver certificate representing the silver dollar goes into circulation in its place.

Now, this fund of silver is being constantly used in this way. Holders of Treasury notes are voluntarily presenting them every day at the Treasury for redemption in silver dollars. Why? Because the policy of the Treasury Department is to gradually place the smaller denominations of our paper money in silver certificates. Whenever it is desired to obtain a larger amount of ones, twos, or fives, the way in which they can be most speedily obtained is to ask for the redemption of the larger denominations of Treasury notes in silver dollars, and the immediate issue, on the deposit of those, of silver certificates in the denominations of ones, twos, and fives.

HOW THE BULLION IN THE TREASURY WILL BE CONSUMED.

Now, when this process is going on safely, why propose by one bold stroke to increase rapidly and illegitimately the distrust that exists in this country and to put into circulation a larger volume of these notes than can be used in the ordinary transactions of business, causing them at once to be presented at our custom houses for the payment of customs duties? What is gained by such a process? If you force these notes out quickly, as proposed by the provision of the Senate bill, every dollar of them will within six months be back, being paid in for customs duties in lieu of gold. Then, gentlemen, we will wonder why we do not receive more gold from customs duties.

If, on the contrary, the act of 1890 continues to be executed as it is being executed to-day, within a comparatively few years, as business revives, every dollar of the $124,000,000 of silver bullion that is now in the Treasury belonging to that fund will have been coined and used in redeeming and canceling Treasury notes, in lieu of which will have gone out silver certificates, gradually as business desires them, and whatever profit may have accrued from the coinage will have been covered into the Treasury. That is the safe way of using the bullion in the Treasury and converting it into money and at the same time eliminating the Treasury notes from our currency .

Now, what is proposed by this measure which has come from the Senate? It is proposed to make one grand grab; to violate the good faith pledged by the act of 1890, and alarm the business public. But what is really proposed? Look for a moment at it. It proposes to direct the issue at once of about $40,000,000 of silver certificates, representing, as it is said, the seigniorage or profit that would accrue after the $124,000,000 of silver bullion is coined—although not a dollar of it has been coined. Now, what is a silver certificate? Take one out of your pocket, if you please, and read it. "This certifies that there have been deposited in the Treasury of the United States" $5, $2, or $1, as the case may be, "payable to the bearer (or holder) of the certificate on demand."

Now, what does the Senate substitute propose? It directs the Secretary of the Treasury to issue certificates certifying that $40,000,000 silver dollars have been deposited in the Treasury for their redemption, when, as a matter of fact, there has not been one dollar deposited or even coined. Why, such a proposition has never before been heard of in finance outside of the Congress of the United States. (Laughter.) Direct your Secretary of the Treasury to certify to a falsehood, and then wonder why anybody distrusts the good faith of the Government of the United States!

But what is gained? If you will only consider a moment, and wait, and allow the act of 1890 to work its own salvation, you will have obtained and covered into the Treasury every dollar of the seigniorage or profit, and done it without violating the good faith of the nation and in a way that will not disturb public confidence. The road of good faith is straightforward in this matter; the road of bad faith is tortuous. Honesty, Mr. Chairman, straightforward dealing, is not only the right thing but is good policy for a nation as well as an individual.

I am sure that the House, when it comes to consider what is proposed to be accomplished here, will see that the proposition can only increase the distrust that already exists, and will make the road to recovery longer and more difficult. But even if we should concur in the Senate's proposition, how would it help us in the redemption of the greenbacks? Will some gentleman please tell me how the Senate provision, which directs that silver certificates, which are to be issued on a pretense that they represent deposited dollars not yet coined, shall be used in meeting current expenditures, not devoted to redemption purposes—and this, let me say, is the reply to the gentleman who asked a few monments ago, "Why not use the $124,000,000 of silver bullion which was purchased under the act of 1890 to redeem greenbacks and Treasury notes?"—will some gentleman please tell me how this provision can add anything to the redemption fund?

SILVER COINAGE AT 16 TO 1.

I say that we have 346,000,000 of silver dollars in the Treasury, against which there already exists $346,000,000 of silver certificates, certifying that these dollars have been deposited to their credit—silver dollars which do not belong to the Government, but to the holders of the certificates; and if any more silver certificates are issued without depositing new silver dollars to represent them they are based upon a fund that does not exist.

Mr. Chairman, it is said that although nothing will come for greenback-redemption purposes, either from the silver dollars that could be availed of to-day in the Treasury or from the fund which remains as against the Treasury notes, purchased by the issue of Treasury notes, yet, somehow or other, by the adoption of free coinage of silver at the ratio of 16 to 1 we will furnish a fund for redemption. How, pray? What is the free coinage of silver at the ratio of 16 to 1? It is authorizing the individual owner of silver to go to our mints and have there 371¼ grains of fine silver converted into a silver dollar at the expense of the Government. And who gets the dollar? The owner of the silver bullion gets it—a silver dollar for every 50 cents' worth of silver so long as the parity is preserved—and the Government gets not a cent of it. How are you going to get silver dollars for the greenback-redemption fund out of the free coinage of silver? The Government gets nothing by such coinage. It loses, on the contrary, the cost of coinage, whatever it may be. Even with such coinage, the only way the Government can get such silver dollars for its greenback-redemption fund is by issuing bonds to buy them, and if silver and gold are to be maintained at a parity, certainly the Government will have to pay the same for coined silver as for gold.

Where, then, is the advantage to the Government and to the people who do not own silver bullion? It is replied that it will be found in the restoration of silver to its former place as a yokefellow of gold, by which this country will have both gold and silver freely coined and permanently concurrently in circulation as the money of the people, or, in other words, full bimetallism.

If it be true that opening of the mints of this country alone to the free and unlimited coinage of private silver at the ratio of 16 to 1 would give this country the permanent concurrent coinage and circulation of both gold and silver as money, which is the popular understanding of the meaning of bimetallism, then such coinage would be welcomed.

SOME CONCEDED PRINCIPLES.

But what is the evidence, Mr. Chairman, that the opening of the mints of this country to the free and unlimited coinage of private silver on the basis of regarding 16 ounces of silver the equivalent in coinage of 1 ounce of gold would result in bringing gold as well as silver to be coined and permanently concurrently circulated, when in every market of the world 32 ounces of silver is now the equivalent of 1 ounce of gold?

It must be conceded that under free and unlimited coinage of private silver bullion after a sufficient time had elapsed to give an opportunity to get into full operation, there could be no material difference in market value between 371¼ grains of fine silver in the form of bullion before coinage and 371¼ grains of silver coined into a standard silver dollar; for no owner of silver, here or abroad, would sell 371¼ grains of silver bullion materially less than he could dispose of a silver dollar coined from such silver, when he could have his bullion converted into such dollar without cost to himself. This is exactly what is found to be the case under the free and unlimited coinage of gold. The gold bullion required to mint a gold dollar is worth the same before coinage as after.

It follows from this that gold would not be brought to our mints for coinage on the basis of regarding 1 ounce of gold as the equivalent in coinage of only 16 ounces of silver unless such opening should change the absolute and relative value of gold and silver bullion in the markets of the world from the ratio of 32 to 1, as now exists, to the ratio of 16 to 1; or, in other words, should practically double the value of silver, as measured in gold. For unless this miraculous change in relative value should be worked by opening the mints of this country alone, gold would not be taken to our mints for coinage, and even that already coined would be withdrawn from use as money and both gold bullion and coined gold would become merchandise and be sold and exported as such. In other words, we should be left with only silver as our metallic full legal-tender money and should become a silver monometalic nation on a silver basis.

THE REAL DANGER OF FREE COINAGE.

Mr. Chairman, the issue between those who hold that free and unlimited coinage of silver at the ratio of 16 to 1 by this country alone would result in giving us the permanent concurrent coinage and circulation of gold and silver —for I am not addressing myself to those who desire silver monometalism—is thus narrowed down to a consideration of the question as to whether such coinage would so change the relative value of gold and silver in every market in the world as to make 16 ounces of silver the equivalent in value or purchasing power of one ounce of gold, when now it requires 32 ounces of silver to be such equivalent. Those who favor such coinage must demonstrate that this marvelous change would be wrought by it before they can reasonably ask the people of this country to take the enormous risk of its failure.

I trust, therefore, that in the discussion which is now opened those who advocate the adoption of the policy of opening the mints of this country alone to the free and unlimited coinage of silver at the ratio of 16 to 1 will not spend their time in mere assertions and declamation about the importance of bimetalism, which the country understands to mean the permanent concurrent coinage and circulation of both gold and silver full legal-tender money, and the disadvantages of monometalism, but will present to the House and country the grounds on which they assume that such coinage would result in giving us such bimetallism rather than silver monometalism.

For myself, I never was more confident of any fact in finance than I am that such coinage of silver as is proposed would speedily drive gold from its use as money in this country and leave us with nothing but silver—in other words, silver monometalism—precisely as such a policy has resulted in Mexico. I shall listen attentively and with a receptive mind to any facts and arguments which may be adduced to maintain otherwise, for the reason that I heartily welcome the use of silver as full legal-tender money in any manner and to any extent which will preserve the parity of gold and silver and give us both metals as our property money. By the action of our Government in the past, by the declarations of both the great political parties in 1892, and by the enactment of a law with but few dissenting votes by the last Congress, we have declared our purpose is to steadily seek the concurrence of a sufficient number of leading commercial nations in an international agreement for the free coinage of silver which would make permanent full bimetallism possible. Under that law we are standing to-day in the attitude of asking other countries to co-operate with us in this movement.

THE ARGUMENTS FOR 16 TO 1 FREE COINAGE.

Mr. Chairman, I desire to examine as briefly as may be the arguments presented by those who hold that the free and unlimited coinage of silver at the ratio of 16 to 1 will give this country full bimetallism, or the concurrent coinage and circulation of gold and silver as full legal tender money.

The argument on which the friends of 16 to 1 free silver seem to more especially rest is that the opening of our mints to such coinage will create an unlimited demand for silver at a fixed price of $1.29 per ounce—the price demanded by this ratio—and this would make the market price of silver bullion in every market of the world.

This would be the case if it were true that free coinage by this country alone would create an unlimited demand for silver at the fixed price of $1.29 per ounce. The fallacy of the whole argument becomes apparent when it is considered that the demand for silver by our mints alone would not be unlimited, but restricted to the demand of purchasers of silver dollars, and that the price received by the owner of silver for each 371¼ grains is not a fixed price, but what a stamped standard silver dollar will exchange for in the markets under free and unlimited coinage. Those who accept this argument unconsciously accept the "fiat" idea that whatever the Government stamps $1 is thereby given an exchange value to that amount, regardless of its intrinsic value or its redeemable promise to pay such value—a theory which went down in disgrace under our greenback experience until specie redemption was established in 1879.

AN ABSURD EXAGGERATION.

An absurd exaggeration of the theory of the bimetallic tie, as held by the scientific advocates of bimetallism, and in which I concur, has been adopted by some of the advocates of 16 to 1 free silver, to which I desire to refer. This theory holds that where the unit is measured, in two metals at their commercial ratio at the time this ratio is fixed, then when one metal begins to rise there is an increased demand for the other metal which tends to restore the equilibrium so long as the conditions of production of either metal remain substantially the same. But no scientific advocate of bimetallism ever held that this alternating demand could successfully operate except within narrow limits and when the coinage ratio had been established at the commercial ratio.

It must be evident that the bimetallic tie is very weak when only a single nation has opened its mints, and that its power rapidly increases as the number of nations uniting in maintaining a common coinage ratio is enlarged. It is for this reason that international free coinage of silver becomes the hope and safety of full bimetallism, while independent free coinage, especially at a ratio widely different from the commercial ratio, must inevitably lead to disorder and silver monometallism.

Again, it is contended that the sole cause of the decline of silver was the closing of the mints of Europe and of the United States to its free coinage, and that if the mints of the United States shall be reopened immediately silver will assume its old relative value to gold.

But do not those who present this argument see that even if it be conceded that the sole cause of the decline of silver has been the closing of the mints of Europe and of the United States to its free coinage, the remedy would be not the opening of the mints of this country alone, but the opening of the mints of Europe also—in other words, international free coinage.

THE EXAMPLE OF FRANCE.

Mr. Chairman, it is also argued with great confidence that the open mints of France alone maintained the relative value of gold and silver at the ratio of near 15½ to 1 for the first seventy-four years of this century, and therefore that the opening of the mints of the United States alone to the free coinage of silver at 16 to 1 would also change the commercial ratio of silver and gold bullion to 16 to 1, notwithstanding it is now 32 to 1.

It is sufficient to say in reply that when France adopted the coinage ratio of 15½ to 1 this was the commercial ratio of silver and gold bullion; that not only France, but every country in Europe maintained substantially the same coinage ratio; that during the first sixty years of this century the annual production of silver never rose above 29,000,000 ounces per annum; and that soon after 1865 the annual production of silver began to rise abnormally, reaching 55,000,000 ounces in 1874, when not only France, but the other countries of the Latin Union, to wit, Belgium, Switzerland Italy and Greece, which had joined France in opening their mints to silver nine years before, were forced to close them, and have kept them closed against the free coinage of silver ever since.

Surely what France, aided by the other countries of the Latin Union, was unable to do in the face of the rise in the annual production of silver from 29,000,000 to 55,000,000 ounces, and a decline of only 3 cents per ounce in the price of silver, it would be absurd to expect the United States could do single-handed in the face of a rise of the annual production of silver from 55,000,000 ounces in 1874 to 160,000,000 in 1893, and a decline of 50 cents per ounce in its price.

THE OVERSHADOWING CAUSE OF SILVER DECLINE.

It is this abnormal increase in the production of silver in the face of a constantly declining price—indicating beyond question such a change in the conditions of mining that has greatly reduced the cost of producing silver, after making due allowance for the effect of the closing of European mints to silver—that has been the chief factor in causing the remarkable decline of silver in the past twenty-two years; and, unless these conditions of silver production materially change, it is idle to claim that if the mints of the United States could be opened to the free coinage of silver on the basis of 16 to 1, the old relative value of silver and gold which existed before these new conditions came in would be restored.

The assertion so frequently made that the mere legislative suspension in 1873 of a law authorizing the free coinage of silver caused the decline of silver, when for twelve years prior to that time almost no silver had been coined by our mints for circulation, affords a most remarkable illustration of the potency of a persistent iteration of an absurdity.

The only way, Mr. Chairman, in which the closing or opening of mints to the coinage of silver can bring about a rise or fall of the metal is through a diminution or an increase of the demand for silver bullion. It is significant in this connection to recall that the United States has used five times as much silver as money in the seventeen years since 1878 as it used in the first seventy years of the existence of this Government under the Constitution. And it is worthy of note also, as an indication of the comparatively small influence of a demand for silver by the United States alone, that notwithstanding this country purchased, between 1890 and 1893, 54,000,000 ounces of silver per annum—substantially the American product, and one-third of the product of the world—yet after a temporary boom silver began to fall more rapidly than before, undoubtedly for the reason that the small increase of price at first so increased the profits of silver mining as to stimulate production more than ever.

The fact must not be overlooked also that while it is probable that the value of gold, which had declined somewhat under the large California and Australian production from 1850 to 1865, rose again as the production declined after 1865, yet since 1890 the increase of production has been greater than ever before, rising from $118,000,000 in 1870 to $205,000,000 in 1895, with the probability that the production this year will reach $250,000,000, which is almost twice the production of any year of the California period.

THE "DOLLAR OF THE FATHERS."

I desire, Mr. Chairman, to say that nothing can be more illogical and mischievous than the constant assertions which are being made, if men would but stop to think, about restoring what they call the dollar, the silver dollar of the "Fathers." What do you mean by that ?Do you mean to say that the coinage ratio of 16 to 1 is a Divine ordination? Do you mean to say, that it is something that has been established by the Divine will and is to be continued for all time? What do you mean? Why, when Christopher Columbus discovered America 10½ ounces of silver was the equivalent of 1 ounce of gold, and that being the commercial ratio, the coinage ratio was made the same in those countries which maintained the two metals at a parity.

Did the fathers in 1792 proceed to say, "Oh, let us restore the dollar of Christopher Columbus?" (Laughter). "Let us adopt a ratio of 10½ to 1 in our coinage; because when the venerable Christopher discovered this country that was the ratio of Divine ordination." (Laughter). They did not do anything of the kind. They treated the subject as common sense business men; and Alexander Hamilton, Secretary of the Treasury, proceeded to do what? From an investigation in every market of the world he ascertained what the commercial ratio of gold and silver was, and he found that his investigation showed that it was 15 to 1.

So the fathers adopted that ratio. In other words, they adopted the dollar unit, and measured this unit in the two metals at a ratio of 15 to 1 by weight, on the supposition that this was the commercial ratio, and therefore that both would be the same. What took place? In process of time it was discovered that this ratio that had been established departed slightly, less than 2 per cent., from the commercial ratio, and that after a time very little gold (gold being undervalued) came to the mint. So in 1834 the sons of the grandfathers came forward and changed the ratio to 16 to 1, supposing that to be the then commercial ratio. They made a mistake of a very small fraction and undervalued silver. The result was that by 1840 very little silver was brought to the mint; and in 1853 we were obliged to reduce the weight of silver in our fractional silver coins to prevent them from going out of circulation and into the melting pots.

NO DIVINELY ORDAINED RATIO OF ANY KIND.

So it seems that "the fathers" of that day did not conceive the notion that there was a divinely ordained ratio of any kind. In adopting a ratio they were simply following the commercial ratio, and, so long as the commercial ratio varied but slightly, the bimetallic tie held the two metals together. There was less than $15,000,000 of full legal tender silver in circulation in 1860. Less than $15,000,000! Simply from the fact that we had undervalued silver by our ratio of 16 to 1. From 1862 to 1873 not a dollar of either gold or silver was in circulation as money. Why? Simply for the reason that we had established another legal tender dollar, the greenback, which depreciated, and cheaper money always drives out the more valuable. That is sometimes called Gresham's law, but it is simply the law of business common sense.

Mr. McMILLIN. If it will not interrupt the distinguished gentleman I would like to ask him one question at this point. If I understand his argument the whole tenor of it is that the increased production of silver made necessary the action taken by the nations of the world against the coinage of silver.

Mr. DINGLEY. I have not said that. I have not undertaken to say what influenced Germany. There are different theories about it, and I cannot decide between them. But we do know that at the time Germany closed her mints to the free coinage of silver the silver dollar was worth three cents more than the gold in the gold dollar, and that is a sufficient answer to the assumption so often made that some people who were creditors procured in 1873 the suspension of the coinage of silver in this country in order to increase the value of their loans. If they were going to do that I should think they would have made silver the metal to be coined and would have demonetized gold.

Mr. McMILLIN. I would like to ask the gentleman, in this connection, whether it is not true that at the time of the passage of the demonetization act of 1873 silver was still at a premium, as it was when Germany demonetized it?

Mr. DINGLEY. Certainly. But the premium was very small, and in 1874, when the Latin Union closed their mints, silver had declined nearly three cents.

Mr. McMILLIN. Then the depreciated value of silver could not have been the cause of its demonetization.

Mr. DINGLEY. In 1873—of course not.

Mr. CLARK, of Iowa. Did not Germany go to the gold standard because of the 47 different kinds of silver money that existed in that country?

MEXICO AS AN OBJECT LESSON.

Mr. DINGLEY. Mr. Chairman, we need not, however, rest the case on reason and past experience alone, for we have at our doors an object lesson of the results of 16½ to 1 equal and unlimited coinage in Mexico. For years Mexico has tried such coinage. She avoided what is facetiously called "the crime of 1873." Her laws to-day permit the coinage of both silver and gold at the ratio of 16½ to 1, and yet not a dollar of gold is taken to her mints or is found in use as money. She has only silver as her metallic money, and is to-day a silver monometallic country. Notwithstanding she coins a large amount of silver—$29,000,000 in 1893—for the reason that her coins have been for many years current in China, thus making her experiment that of 400,000,000 of people, yet Mexico's open mints and Mexico's demand for silver do not seem to have the slightest effect in raising the price of silver or preventing its fall.

There is not a scientific bimetallist outside of politics in the whole world who believes that under the present conditions any country in the world can establish, and open its mints at the ratio of 16 to 1, and secure the concurrent coinage and permanent concurrent circulation of the two metals. In the French Chamber of Deputies last winter, when this question was discussed, the French minister of finance declared that France stands ready, when a sufficient combination is made among the nations of the world to show that such a ratio can be maintained, to open her mints to free coinage; and when a member of the Chamber of Deputies further questioned the minister of finance, he replied that France was ready to unite in any movement that gave promise of bringing the two metals together as yokefellows under free coinage; but, added the French minister, it is not in the power of France alone nor in the power of the United States alone to secure full bimetallism unless a sufficient number of commercial nations shall enter into the combination to so increase the demand for silver as to bring the two together on a ratio that shall take into account the existing situation.

Let us take up this question as a practical and scientific one, and, while temporarily using all the silver we can carry in parity, seek to secure such concurrence of nations as will bring about permanent bimetallism that will give us both gold and silver as our money. I am with you heart and hand in that effort, but I cannot consent as a representative of the American people, having no personal interest at stake in this matter one way or the other except the common interest of a citizen of the United States—I cannot consent to shut my eyes to facts that every intelligent man, if he will only open his eyes and observe them, must take into careful consideration.

CAUSE OF THE DEPRECIATION OF SILVER.

Let us assume that the closing of the mints of Europe has had some effect in causing the depreciation of silver; but let us concede that the increased production of silver at a constantly reduced price has had more effect. Let us consider this question in a business way and then we shall not err. I know of no question that it is more dangerous to commit to the stormy and changing sea of politics than this question of money; and I deplore beyond expression that such a question as this should have been dragged into ward caucuses and conventions and treated on a purely partisan and political basis.

Mr. Chairman, while the people of this country generally desire to secure a restoration of full bimetallism whenever it can be accomplished, and maintain the parity of the two kinds of money, yet I believe that our people never will consent to any policy which it is believed will cause the two metals to separate, will drive out gold and make us a silver monometallic country. (Loud and prolonged applause).

JOHNSON

ON

Silver and Wheat

Generally speaking, it is strictly true that the price of wheat has never been higher in India than in America, except when there was either a famine to abnormally raise prices in India or a triumphant Democracy to abnormally depress prices in America. Instead of wasting time in trying to restore the conditions of 1873, let us pray God to deliver India from famine, and let us help the farmers of America to deliver themselves from "four years more of Grover" by undoing the blunder of 1892, and the "crime of 1873" can safely be left to work out its own salvation or condemnation.

SPEECH

OF

HON. MARTIN N. JOHNSON

OF NORTH DAKOTA

IN THE

House of Representatives, Washington, D. C.

Thursday, February 6, 1896

SPEECH

OF

HON. MARTIN N. JOHNSON

OF NORTH DAKOTA

IN THE

House of Representatives, Washington, D. C.

Thursday, February 6, 1896

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 2904) to maintain and protect the coin redemption fund, and to authorize the issue of certificates of indebtedness to meet temporary deficiencies of the revenue—

Mr. JOHNSON, of North Dakota, said:

Mr. CHAIRMAN: There was a short speech made here last night by the gentleman from Colorado (Mr. SHAFROTH) which was a typical speech for those who had his views on this question. If the question were confined to this one subject of silver, and if all other causes which tended to influence the demand for silver except simply the one item of supply were eliminated from the calculation, then I could draw that curve with absolute arithmetical, scientific accuracy, as I have drawn the two curves representing the price and production of silver from 1873 to 1894, inclusive, on this chart which you see before you.

(NOTE.—At this point the attendants brought into the Hall some charts, about six feet square each, mounted on an easel in such a manner as to be visible one at a time. The easel was placed in the area immediately in front of the Speaker's desk.)

(For Chart No. 1 see page 8.)

The figures from which this chart is drawn are found on pages 238 and 249 of the Annual Report of the Director of the Mint for 1895, supplemented by a table on page 45 of his 1894 report on production of gold and silver in the United States as to the production from 1873 to 1886.

*Average annual price of wheat (first sort) per Indian maund in selected districts of Western India.**

[The figures represent rupees and decimals of a rupee.]

Places	1873	1874	1875	1876	1877	1878	1879	1880	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893
Bombay:																					
Bombay	3.67	3.60	3.75	3.87	5.53	6.66	6.27	5.02	3.96	4.23	4.30	3.93	3.85	4.30	4.45	4.58	4.58	3.80	4.12	4.76	4.14
Ratnagiri	4.26	3.64	3.96	4.14	5.25	5.57	6.95	5.22	3.96	3.67	3.94	3.89	3.77	3.89	4.10	4.26	4.17	3.82	3.90	4.65	4.63
Poona	3.30	2.51	2.79	3.11	5.00	5.82	5.71	4.63	3.17	3.14	3.20	3.12	2.90	3.17	3.82	3.50	3.73	3.46	3.72	4.53	3.65
Belgaum	3.48	2.47	2.17	2.99	5.90	5.62	6.52	4.35	2.25	3.00	2.16	2.08	2.46	2.40	2.55	2.64	2.62	2.32	2.97	4.33	3.27
Ahmednagar	2.22	1.72	2.30	2.45	4.30	5.27	5.17	3.46	2.49	2.82	2.82	2.47	2.43	2.80	3.15	3.13	3.05	2.90	3.12	3.87	3.18
Ahmadabad	2.92	2.78	2.72	2.74	4.26	4.88	5.02	3.37	2.63	3.13	3.74	3.10	2.65	3.14	3.95	3.96	3.83	3.58	4.03	4.09	3.14
Baroda	3.99	3.51	3.34	3.41	4.68	5.31	5.99	4.62	3.51	3.61	3.98	3.39	3.13	3.58	4.84	4.47	4.52	4.12	4.61	4.80	4.40
Sinde:																					
Karachi	2.91	3.51	2.58	2.33	3.61	4.15	4.08	3.74	3.29	2.99	2.85	2.87	3.01	3.23	3.39	3.28	3.39	3.28	3.61	3.96	3.47
Shikarpur	2.46	2.48	2.24	2.17	2.61	4.31	4.50	3.67	3.39	3.01	2.93	2.67	2.67	3.08	3.44	3.24	3.09	2.87	3.32	3.48	2.84
Cent. India & Rajputana:																					
Nimach	3.07	2.65	2.86	2.61	2.97	3.51	4.07	3.28	2.19	2.50	2.47	1.97	1.74	2.16	3.04	3.29	2.89	2.55	2.87	2.99	2.98
Indore														3.01	3.01	2.96	2.73	2.72	3.37	3.31	3.10
Nasirabad	2.73	2.53	2.30	1.90	2.33	3.33	3.47	2.87	2.38	2.33	2.33	2.10	1.82	2.07	3.09	3.06	2.60	2.66	3.07	3.20	2.89

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* From Prices and Wages in India, an official document compiled in the statistical branch of the finance and commerce department of India, Calcutta, 1894.

[From official blue-book prices and wages in India.]

Average annual price of wheat (first sort) per bushel of 60 pounds in certain places of Western India.

Places	1873	1874	1875	1876	1877	1878	1879	1880	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893
Bombay:																					
Bombay	$1.21	$1.17	$1.19	$1.19	$1.63	$1.99	$1.77	$1.43	$1.13	$1.20	$1.21	$1.10	$1.06	$1.12	$1.12	$1.11	$1.03	$0.92	$1.04	$1.07	$0.82
Ratnagiri	1.40	1.18	1.32	1.27	1.55	1.66	1.97	1.49	1.13	1.04	1.11	1.09	1.04	1.01	1.03	1.03	.98	.92	.99	1.04	.91
Poona	1.09	.81	.99	.96	1.47	1.74	1.62	1.32	.90	.89	.90	.87	.80	.83	.96	.85	.88	.84	.94	1.01	.72
Belgaum	1.15	.80	.95	.92	1.74	1.68	1.84	1.24	.64	.57	.61	.58	.68	.62	.64	.64	.62	.56	.75	.97	.64
Ahmednagar	.73	.56	.78	.75	1.27	1.57	1.46	.99	.71	.80	.79	.69	.67	.73	.79	.76	.72	.70	.79	.87	.63
Ahmadabad	.96	.90	.87	.84	1.25	1.46	1.42	.96	.75	.89	1.05	.87	.73	.82	1.00	.96	.90	.87	1.02	.92	.62
Baroda	1.31	1.14	1.09	1.05	1.38	1.58	1.69	1.32	1.00	1.03	1.12	.95	.86	.93	1.22	1.08	1.06	1.00	1.17	1.07	.87
Sinde:																					
Karachi	.96	1.14	.74	.72	1.06	1.24	1.15	1.07	.94	.85	.80	.80	.83	.84	.86	.79	.80	.79	.91	.89	.68
Shikarpur	.81	.80	.69	.67	.77	1.29	1.27	1.05	.96	.86	.82	.75	.74	.80	.87	.78	.73	.69	.84	.78	.56
Cent. India & Rajputana:																					
Nimach	1.01	.86	.83	.80	.87	1.05	1.15	.94	.62	.71	.70	.55	.48	.56	.77	.80	.68	.62	.73	.67	.59
Indore														.78	.76	.72	.64	.66	.85	.74	.61
Nasirabad	.90	.82	.61	.58	.69	.99	.98	.82	.68	.66	.66	.59	.50	.54	.78	.74	.61	.64	.78	.72	.57

As a result of the act of 1873, those who believe in free coinage assert that silver was "struck down," "destroyed" and "demonetized." Production increased from 63,000,000 ounces in 1873 to 167,000,000 ounces in 1894.

People who think that such words as "destroyed" and "struck down" fittingly describe such a growth in a great industry in twenty-two years can consistently use the word "demonetization" in describing the changed condition of silver when its use as a money metal was increased from practically nothing to about $500,000,000 in this country.

These men assert, and attempt to make people believe, that the law of 1873 caused the decline in the price of silver. Is it not possible that other causes may have been at work? Is it not possible that by doubling the production of silver you might reduce its value either by one-half or by some other fraction? On that theory the lines on the chart ought to cross in the year 1890. They actually intersect in 1891.

PRICE OF WHEAT IN INDIA.

It has been assumed that under free coinage the price of wheat has remained steady in India. As a matter of fact the price of wheat has fluctuated up and down there about the same as here. The average price there has been nearly twice as high some years as others, ranging from 5.25 rupees per maund in 1879 to 2.76 rupees per maund in 1885.

By the courtesy of the Secretary of the Department of Agriculture I have obtained table on page 4, giving the price of wheat in representative districts of India for every year from 1873 to 1893, inclusive.

UNITED STATES DEPARTMENT OF AGRICULTUURE,
OFFICE OF THE SECRETARY,

Washington, D. C., February 7, 1896.

DEAR SIR: In accordance with your request of this morning, I inclose herewith an exact copy of the statistics of wheat prices in India which formed the basis of the tabular statement transmitted to you on the 5th instant. The figures were taken from an official publication entitled Prices and Wages in India, compiled in the statistical branch of the finance and commerce department of the Indian Government. The values are given in terms of the silver rupees of India.

Respectfully yours,
J. STERLING MORTON,
Secretary.

Hon. MARTIN N. JOHNSON, 238 Maryland avenue N. E., Washington, D. C.

By adding the columns in the foregoing table and dividing by the number of districts we obtain the following averages:

1873	3.18	1880	4.02	1887	3.56
1874	2.85	1881	3.02	1888	3.53
1875	2.81	1882	3.03	1889	3.41
1876	2.88	1883	3.15	1890	3.17
1877	4.22	1884	2.87	1891	3.55
1878	4.94	1885	2.76	1892	3.99
1879	5.25	1886	3.06	1893	3.47

From these averages I have drawn Chart No. 5.

(For Chart No. 5 see page 13.)

This chart No. 5 proves to a mathematical demonstration that the price of wheat, measured in silver, has not remained steady in India. In fact, the extremes of fluctuation have been greater there than in the United States and in other gold-standard countries.

In order to make the lesson of the foregoing table and chart more easily understood, I have reduced the India rupees and maunds to the equivalents in United States gold dollars and bushels.

In making these calculations of equivalents I have availed myself of the extremely valuable and painstaking assistance of the accomplished officials of the Department of Agriculture, and take this occasion to express my just appreciation of their kindness.

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,

Washington, D. C., February 5, 1896.

DEAR SIR: Complying with your request of yesterday, I send to you herewith tabular statements showing the annual exports of wheat and wheat flour from Argentina and Russia since 1890. These figures can be used to supplement the tables which you will find on pages 101-102 and 160-161 of the bulletin handed to you yesterday entitled "Production and distribution of the principal agricultural products of the world."

I inclose also the tables you desired relative to wheat prices and agricultural wages in India. The reduction of the Indian denominations used in these tables to United States equivalents was more of a task than at first anticipated, and hence it was impossible to transmit the tables last night as hoped. Respectfully yours,

J. STERLING MORTON,
Secretary.

Hon. MARTIN N. JOHNSON, 238 Maryland avenue N. E., Washington, D. C.

By adding the columns in the foregoing table and dividing by the number of districts we obtain the following averages:

Average price of wheat per bushel in India reduced to equivalents in United States gold coin.

1873	$1.05	1880	$1.14	1887	$0.90
1874	.92	1881	.86	1888	.85
1875	.86	1882	.86	1889	.80
1876	.89	1883	.88	1890	.76
1877	1.24	1884	.80	1891	.90
1878	1.47	1885	.76	1892	.89
1879	1.48	1886	.79	1893	.68

From these averages I have drawn Chart No. 2, and for the purpose of comparison I have also placed on the same chart the curve which appears on Chart No. 4, giving the price of wheat in the United States for the same period.

(For Chart No. 2 see page 10.)

Prices of wheat have sometimes been higher in India and sometimes in America.

The fact of these ups and downs admits of no dispute. The only room for disagreement is as to the causes which produced them.

Our opponents teach and affect to believe that one cause, and only one cause, viz., the "crime of 1873," has produced all these ups and downs. We believe and teach that very many causes and forces may have combined to produce the result. Wheat was very high in India from 1877 to 1880. That is a fact. But the farmers of India had no wheat for sale during those four years of the "great famine," when in some instances they ate human flesh for want of wheat bread. In my judgment the famine was quite sufficient to account for the price of wheat.

Wheat was low in the United States from 1884 to 1888, and again these last three years of grace.

That is a fact. It is also a fact that Mr. Cleveland was President of the United States during those years. Generally speaking, it is strictly true that the price of wheat has never been higher in India than in America except when there was either a famine to abnormally raise prices in India or a triumphant democracy to abnormally depress prices in America. (Applause.) Instead of wasting time trying to restore the conditions of 1873 let us pray God to deliver ndia from famine, and let us help the the farmers of America to deliver themselves from "four years more of Grover" by undoing the blunder of 1892, and the "crime of 1873" can safely be left to work out its own salvation or condemnation. (Applause.)

If there were any substantial advantage to be gained by exchanging wheat for rupees or for cheap Mexican free-coinage silver dollars, the American farmer could easily exchange his good American gold dollars for any of these cheap coins, and he would get just as many rupees or Mexicans for a bushel of wheat as his competitors. Up to this point they would be on an equal footing. The only difference in final results would depend on relative smartness in getting rid of the rupees.

THE JUST WAGES OF HONEST TOIL.

The farmer in India might be more successful in cheating the poor laboring man out of the just wages of honest toil than would be possible in America. That I admit. Depreciated money always hits the laborer first and hardest, and the more ignorant he is the more he is hit. But when it came to paying out the part that goes to the merchant, the banker, and the railroad man it is not very likely that the ordinary farmer, either in India or America, would rob the party of the second part in the transaction to any alarming extent. But enough of India. Let us now turn to matters nearer home.

It is extremely fashionable to assert that since 1873 it has gradually become harder and harder for the laboring man and the farmer to acquire gold or to pay debts. I admit that it has been harder to get gold to pay debts now, since 1892, than it ever was before.

The same may have also been the case in a lesser degree during the first four years of Grover. But during the years of Republican supremacy exactly the reverse was true. The improvement was not regular and steady, but it was nevertheless a distinct advance.

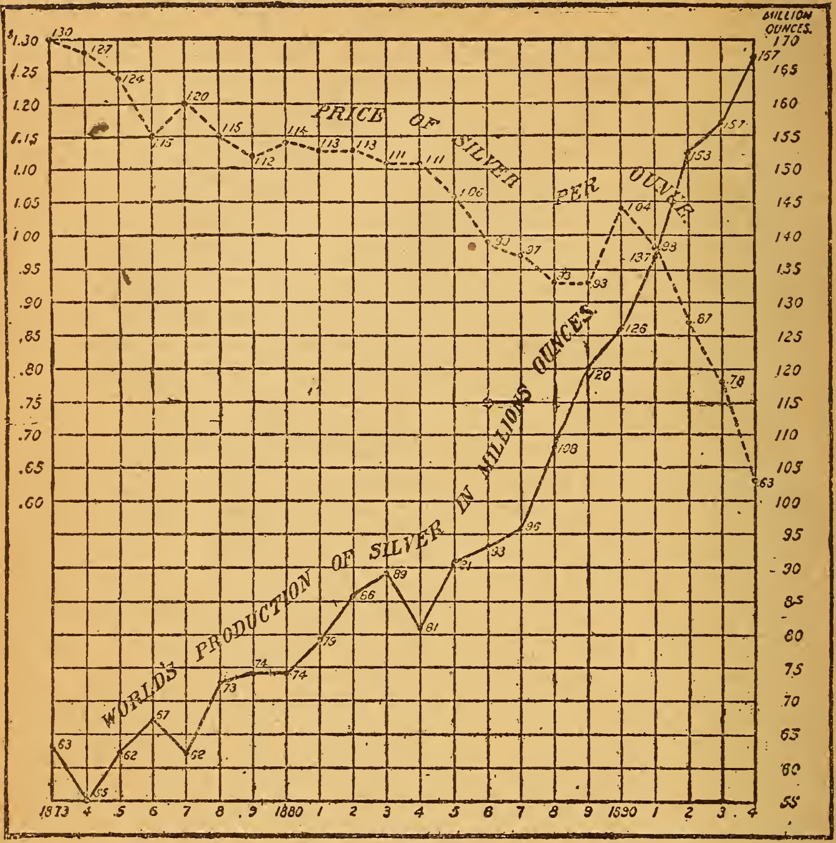
Speaking now as a Republican and as a representative, glad to render an account of my stewardship and the stewardship of my party during the thirty years when the party was charged with responsibility for the prosperity of the people and the glory of the Republic, I make the statement without fear of successful contradiction that the last and thirtieth year of the thirty years of Republican supremacy was the best year in all our history for the laborer and for the farmer, and that was the year of years, before or since, when it was easiest to get gold to pay debts.

That this was true in the case of the farmer I shall attempt to prove by a mathematical statistical demonstration.

On page 6 of the last annual message of President Harrison, sent to Congress December 5, 1892, you will find this statement:

> "There never has been a time in our history when work was so abundant or when wages were so high, whether measured by the currency in which they are paid or by their power to supply the necessaries and comforts of life."

CHART NO. 1.—Report of the Director of the Mint for 1895 (Pages 238-249.)



We were more prosperous in 1892 than in 1872. We now have hard times and have had hard times for three years, but in casting about for cause and remedies of all our ills it is utterly futile to compare the present with the less prosperous period of 1872 rather than with the more prosperous period ending in 1892. Whatever cause produced the present result commenced to operate and showed its effects after 1892 and not 1872.

WHEAT AND SILVER.

It is a favorite sophistry with our friends on the other side to say that "wheat is cheaper now than in 1873." "Silver was destroyed, struck down and demonetized in 1873," "therefore the fall of silver caused the fall of wheat."

The trouble with that is that the fall in price of wheat has all, or nearly all, taken place since 1891.

The average farm price of wheat was 83 cents in 1891, and the same in 1890, and 92 cents in 1888, in gold while in 1874 it was 94 cents in paper currency, equal to 84 cents in gold. (See Chart No. 4.)

When was the wheat farmer most prosperous?

Answer.—He got the biggest average price per bushel in 1881, and the biggest pile of gold per acre in 1891.

In proof of the foregoing statement I submit the following table, found on page 6 of the Monthly Crop Report for December, 1895, United States Department of Agriculture.

Production, value, price, and exports of wheat since 1880.

Years	Total area of crop	Total production	Total value of crop	Average value per bushel	Average yield per acre	Average value per acre	Exports for fiscal years beginning July 1	
	Acres	*Bushels*		*Cents*	*Bushels*		*Bushels*	*Per Cent.*
1880.........	37,986,717	498,549,868	$474,201,850	95.1	13.1	$12.48	186,321,514	37.4
1881.........	37,709,020	383,280,090	456,880,427	91.2	10.2	12.12	121,892,389	31.8
1882.........	37,067,194	504,185,470	444,602,125	88.2	13.6	11.99	147,811.316	29.3
1883.........	36,455,593	421,086,160	383,649,272	91.1	11.6	10.52	111,534.182	26.5
1884.........	39,475,885	512,765,000	330,862,260	64.5	13.	8.38	132,570,367	25 9
1885.........	34,189,246	357,112,000	275,320,390	77.1	10.4	8.05	94,565,794	26.5
1886.........	36,806,184	457,218,000	314,226,020	68.7	12.4	8.54	153,804,970	33.2
1887.........	37,641,783	456,329,000	310,612,960	68.1	12.1	8.25	119,625,344	26.3
1888.........	37,336,138	415,868,000	385,248,030	92.6	11.1	10.32	88,600,743	21.3
1889.........	38,123,859	490,560,000	342,491,707	69.8	12.9	8.98	109,430,467	22.6
1890.........	36,087,154	399,262,000	334,773,678	83.8	11.1	9 28	106,181,316	26.9
1891.........	39,916,897	611,780.000	513,472.711	83.9	15.3	12.86	225,665,812	36.2
1892.........	38,554,430	515,949,000	322,111,881	62.4	13.4	8.35	191,912,635	37.5
1893.........	34,629,418	396,131,725	213,171,381	53.3	11.4	6.16	164,283,129	41.5
1894.........	34,882,436	460,267,416	225,902,025	49.1	13.2	6.48	144,812,718	31.4
1895.........	34,047,332	467,102,947	237,938,998	50.9	13.7	6.90	....	....

[For Chart No. 3 see page 13.]

From the foregoing table I have drawn Chart No. 3. The figures on the table and on the chart are for December each year.

Notice the tremendous drop in December, 1884, and in December, 1892, immediately following each of Mr. Cleveland's elections. Notice the dead level of low prices during the first "four years" and present three years of Grover.

Notice the prompt response of the wheat market to the election of Mr. Harrison in 1888. The wheat market promptly discounted the future, as markets always do, without waiting for the ceremony of inauguration day.

These changes in the price of wheat followed immediately after elections in 1884, 1888 and 1892.

Unless God repeals the laws of nature and of economics, similar results may be looked for in December, 1896. That is the only hope of relief I know of for the wheat farmer.

All other ground
Is sinking sand.

Notice in the table and on the chart how remarkably even the area runs—between thirty-four and thirty-nine million acres.

The biggest pile of gold for the whole crop and the biggest pile of gold per acre was got in 1891.

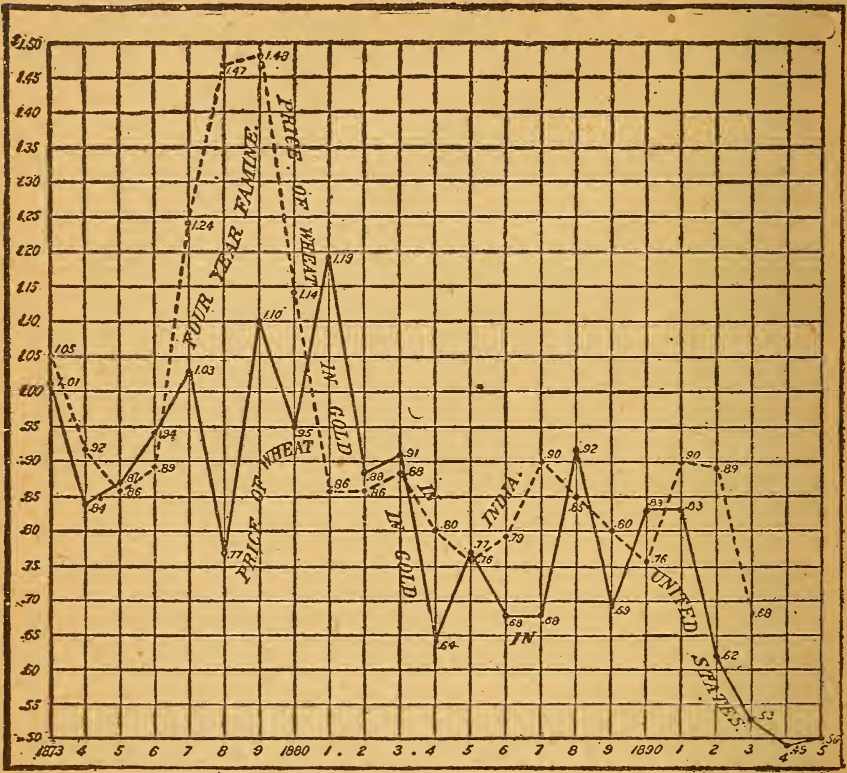
Five crops under Grover (1884,1885, 1886, 1887 and 1892) were marketed near the eight dollar per acre mark.

Only one crop (1889) was ever marketed under Republican auspices for less than $9 per acre, and that lacked only 2 cents of the nine dollar mark.

The other three crops marketed under Grover (1893, 1894 and 1895) have gone glimmering at $6.16, $6.48, and $6.99 per acre, respectively.

The wheat farmers are not unreasonable. They do not expect to get rich out of one or two years' work, but they do expect to get a decent living and a moderate profit on their capital and labor. This they have not had for the last three years.

CHART NO. 2.—Official British India Blue Book. Figures reduced to dollars and bushels by United States Department of Agriculture, February 5, 1896.



It is very difficult to compute the exact cost of raising an acre of wheat. It costs more in some States than in others, more on some farms than on others, and more on some fields than on others, even on the same farm.

But I think farmers of experience will generally agree that it cannot be raised for less than $6 per acre. If so, there has been no profit on the average in raising wheat for the last three years. Some have gained, but others have lost. Last November I published the following table, giving as near as I could the expense per acre of raising wheat in 1895 on three separate fields on my own farm.

	First field	Second field	Third field
Plowing	$1.25	$1.25	$1.25
Seeding	.50	.50	.50
Dragging	.25	.25	.25
Seed	.75	.75	.75
Cutting and binding	.75	.75	.75
Twine	.25	.25	.25
Shocking	.50	.50	.50
Thrashing	3.24	2.70	4.14
Interest and taxes	1.00	.60	1.00
Total	$8.49	$7.55	$9.39

Having a railway station on my farm, I allow nothing for hauling to the railroad. This item is often as high as a cent a mile per bushel. My lands range from $4 to $10 per acre in value, which makes the item for interest very much below the average.

Without specifying items, one may safely say that it is very much cheaper to raise wheat now than in 1873, mainly on account of the invention of the self-binder.

It is also reasonable to assume that the farmer ought to get from $9 to $12 per acre for his wheat crop, as he always did under Republican rule, the lowest being $8.98, in 1889, and the highest being $12.86, in 1891. With that he would be prosperous and happy. The conditions of 1881 and 1891 can be restored. The conditions of 1873 can no more be restored than you can turn back the world in its history or the earth in its orbit.

"Turn the other way, boys," as Sheridan said. Victory and prosperity do not lie in the direction of stampeding people after India rupees, Mexican 50-cent dollars, or any other kind of cheap free-coinage money. Especially do I appeal to you young, bright and brave men of the Republican party not to concede as if it were true what is absolutely false as to the glorious achievements of the prosperity which took its flight not in 1873 but in 1892. Let not the G. O. P. discover you among the crowd of assassins and regretfully have to say, "Thou too!"

I have gone into this subject of wheat thus at length and in detail because it has been more than any other the favorite target for the silver lance. I have also had prepared at the Department of Agriculture a table, giving the farm prices of corn, wheat, rye, oats, barley, buckwheat, potatoes, and hay in December of each year from 1870 to 1895.

UNITED STATES DEPARTMENT OF AGRICULTURE,
DIVISION OF STATISTICS,
Washington, D. C., February 4, 1896.

DEAR SIR: I have the honor to hand you statement of the farm prices of principal agricultural products, as promised in our conference of to-day.

Very respectfully,
HENRY FARQUHAR,
Acting Statistician.

Hon. M. N. JOHNSON,
House of Representatives.

Average farm-price for the United States of corn, wheat, rye, oats, barley, buckwheat, potatoes and hay in December of each year from 1870 to 1895, inclusive.

Year	Corn per bushel	Wheat per bushel	Rye per bushel	Oats per bushel	Barley per bushel	Buck-wheat per bushel	Hay per ton	Potatoes per bushel
1870	$0.549	$1.042	$0.815	$0.433	$0.845	$0.784	$13.82	$0.720
1871	.482	1.258	.790	.401	.806	.828	15.82	.596
1872	.398	1.240	.763	.336	.738	.829	14 53	.599
1873	.480	1.150	.762	.374	.915	.814	13.67	....
1874	.647	.944	.856	.520	.921	.808	13.73	.677
1875	.420	1.000	.769	.365	.811	.710	12.27	.389
1876	.370	1.037	.669	.351	.664	.726	9.74	.655
1877	.358	1.082	.592	.292	.639	.687	8.60	.448
1878	.318	.777	.526	.346	.580	.527	7.21	.589
1879	.375	1.108	.656	.331	.589	.598	9.32	.436
1880	.396	.951	.756	.360	.666	.594	11.65	.483
1881	.636	1.193	.933	.464	.823	.865	11.82	.909
1882	.484	.882	.615	.375	.628	.729	9.70	.557
1883	.420	.910	.580	.330	.587	.820	8.19	.420
1884	.357	.645	.519	.280	.487	.589	8.17	.396
1885	.328	.771	.579	.285	.563	.559	8.71	.447
1886	.366	.687	.538	.298	.536	.545	8.46	.467
1887	.444	.681	.545	.304	.519	.565	9.97	.682
1888	.341	.926	.591	.278	.596	.636	8.76	.402
1889	.283	.698	.457	.230	.427	.518	7.88	.403
1890	.506	.838	.629	.424	.648	.577	7.74	.777
1891	.406	.839	.774	.315	.540	.579	8.39	.371
1892	.393	.624	.548	.317	.472	.534	8 49	.673
1893	.365	.538	.513	.294	.411	.583	8.68	.590
1894	.457	.491	.501	.324	.442	.556	8.54	.538
1895	.264	.509	.440	.199	.337	.452	8.35	.266

From the foregoing table I have selected wheat, corn, oats and hay for representation on Chart No. 4.

(For Chart No.4 see page 14.)

This chart proves that prices of these farm products did not fall from December, 1878, to December, 1891.

	1878	1891
Wheat .... bushel......	$0.77	$0.83
Corn .... do	.31	.40
Oats .... do	.24	.31
Hay .... ton..........	7.21	8.39

Whatever injury was done to the farmer by falling prices was done either while we were under the spell of cheap paper money previous to December, 1878, or else after the Republicans lost control of the country, when the crop of 1892 went to market in December, 1892, under the shadows of tariff reform.

Those fourteen years from 1878 to 1892 cover the only period and the entire period in the history of our country when the two cardinal doctrines of the Republican party, viz.—

First. Protection to American industries; and

Second. Sound money—

had a chance to do their perfect work. The record for those three years is made up. They were the years of our greatest prosperity. The truths of history cannot be obscured or obliterated.

Distort it as you will, the fact remains that the thirtieth year of the thirty years of Republican supremacy was the best year in all our country's history. That was the year when it was the easiest for the laborers and wheat farmer to earn gold or to pay debts with the products of his toil. (Applause.)

CHART NO. 3.—Crop Report, Agricultural Department, for December, 1895. (Page 6.)

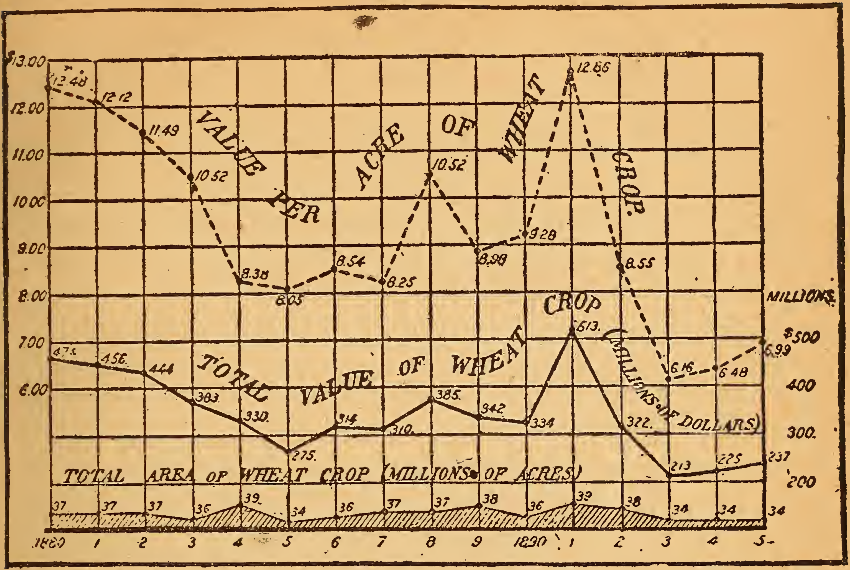


CHART NO. 5.—Silver rupees. Average annual price of wheat, first sort, per Indian maund, in selected districts of Western India. From "Prices and wages in India," an official document compiled in the statistical branch of the finance and commerce department of India. Calcutta, 1894.

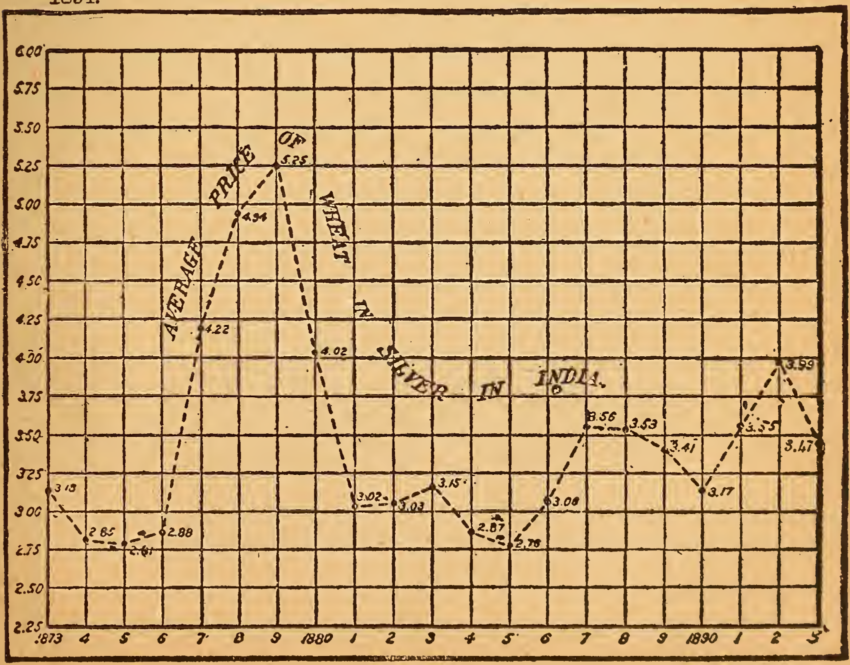
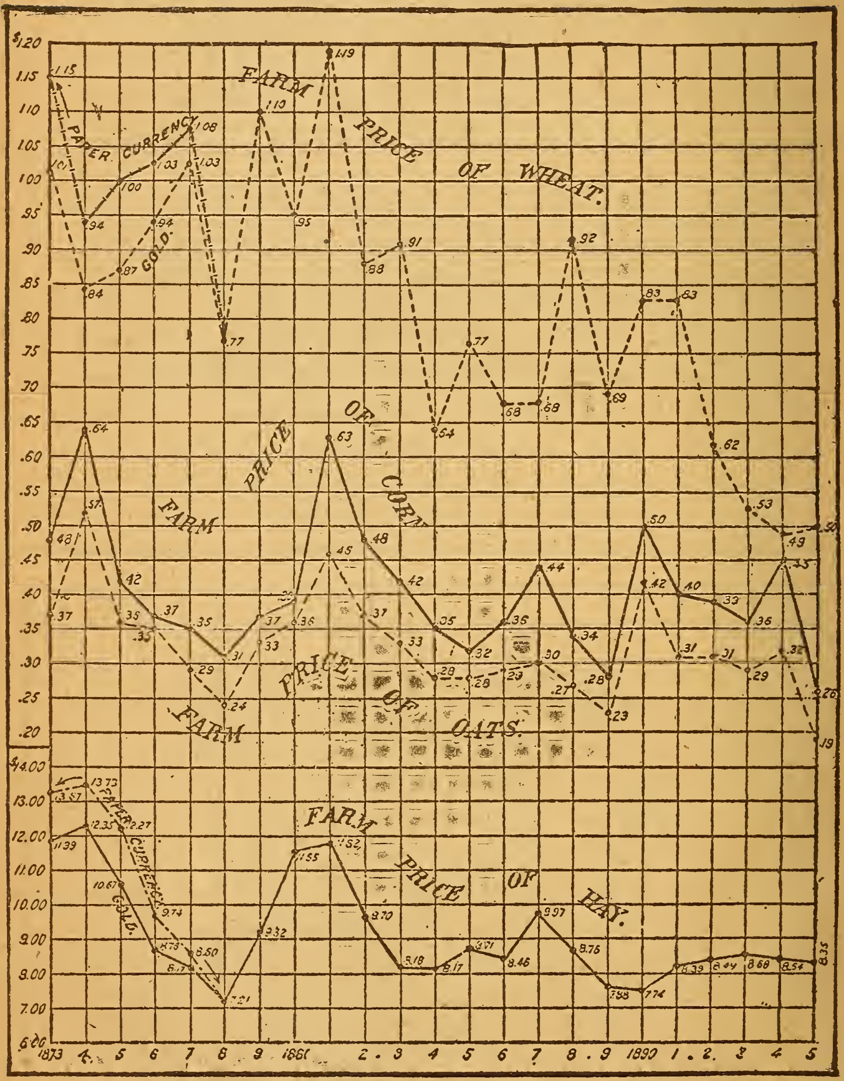


CHART NO. 4.—Department of Agriculture, February 4, 1896.



McCLEARY

ON

SILVER AND GOLD

WAGES AND PRICES

History, Science and Common Sense
All Argue for Honest Money

No Connection between Silver and Average Prices

EXTRACT FROM THE SPEECH OF

HON. J. T. McCLEARY

OF MINNESOTA

In the House of Representatives, Washington, D. C.

1896

If I were called upon to characterize in a sentence the speech of my colleague, I should say that it lacks comprehensive grasp of the several topics considered. It offers a superficial view of many things, but does not indicate thorough study of any. We are given a little (and sometimes very little) of the truth on many points, but not enough of the truth on any of them to warrant one in drawing important conclusions. To carry out the figure of the poet we are asked to judge of the appearance of an elephant by grasping its tail, to form our conception of a camel by seizing its leg, and so on through the menagerie.

I shall show that the gentleman's fundamental positions are based on half truths, which every one knows are more dangerous and misleading than utter falsehoods.

SILVER AND PRICES.

By means of a chart he endeavored to prove three things:

1. That, beginning with 1873, there has been an "unexampled and ruinous fall" in the prices of commodities.

2. That there has been during the same years a practically parallel fall in the price of silver, and that silver is, therefore, an almost ideal measure of value.

3. That this "fall in prices" has been the result of the so-called "demonetization" of silver, and, by inference, that "remonetization" of silver would "restore prices" to their former level or thereabouts.

The trouble with my colleague is one that is common to the whole tribe of free silver men. The year 1873 is to them what the year of the hegira is to the Mohammedan—it is the point of time from which everything is reckoned. But no legitimate inference can be drawn in relation to these matters without examining also the course of events before 1873, and making a fair comparison of the two series of facts.

THE COURSE OF AVERAGE PRICES.

The chart to which I now invite the attention of the committee is one that I drew since the speech of my colleague was delivered. It shows the course of average prices by ten-year periods from 1818-27 to 1885-94, inclusive. The table from which it was drawn was prepared by Augustus Sauerbeck, one of the authorities quoted by my friend in another part of his speech. Indeed, in the first rehearsal of this speech, as delivered by him in Duluth last August, and afterward in other places, the gentleman printed this table. But, by a singular oversight, he did not put it into chart form. This was a very unfortunate omission, for had my friend appreciated the great importance of those figures, had he given them enough study to become impressed with their real significance, and had he then put them into chart form and placed the chart in juxtaposition with the one considered by us a moment ago, he would have saved himself and his readers from grievous error.

NOT THE BEGINNING OF A FALL.

Mr. Sauerbeck's standard of comparison, or 100 per cent. line, is "the average price in London for forty-five principal commodities for the period 1867-77"—that is, for a ten-year period, havi 1873 as its middle point.

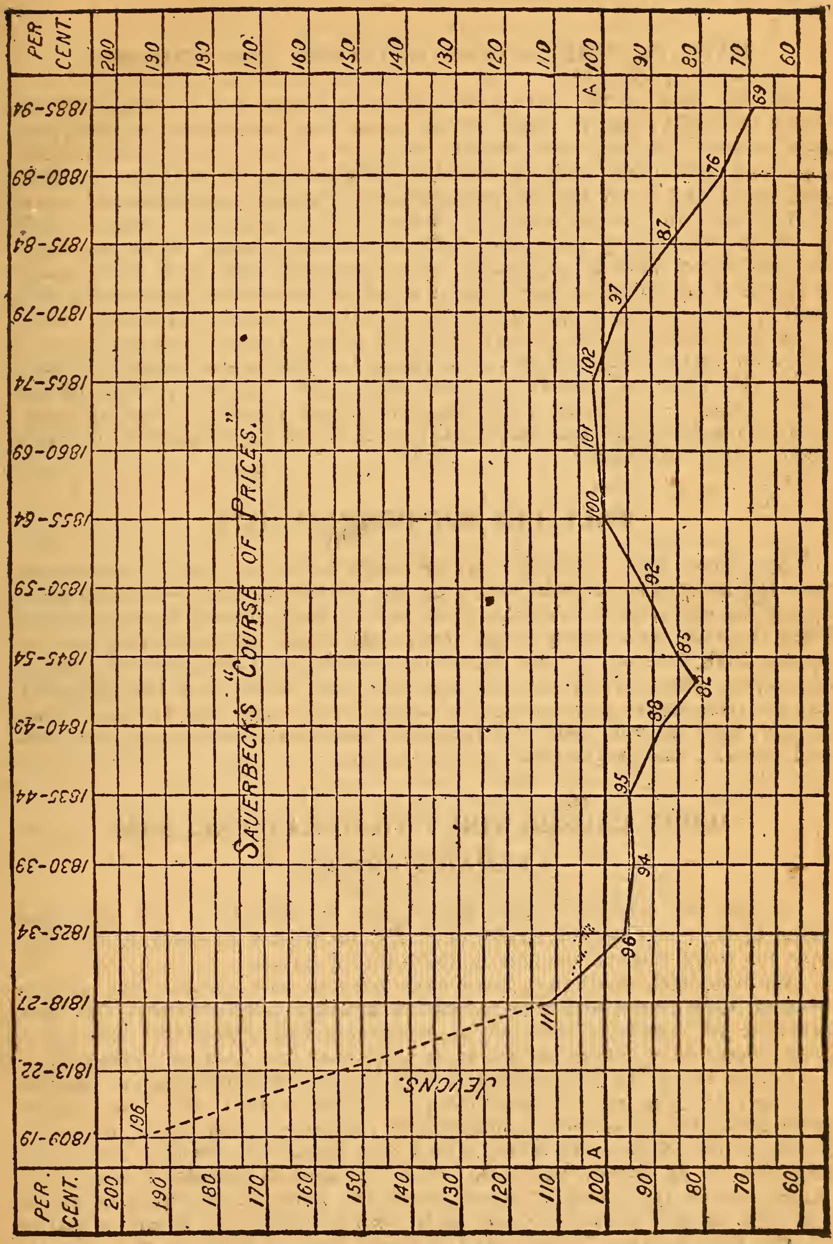
Even the most casual examination of the chart will reveal three facts which are exceedingly important in this discussion—namely:

1. That in a period extending from 1818--27 to 1843-52, twenty-five years, the fall in average prices was practically the same as that which has taken place since 1873. And had the table extended back ten years further the former fall would be seen to have been much the greater, for prices ranged much higher for some years before 1818 than in that year. A glance at the chart will substantiate this statement, for the price line in 1818 shows that it marks, not the beginning of a fall, but one which had been for some time in progress.

Thus we see, Mr. Chairman, that our recent fall in prices is by no means "unexampled" in either scope or duration. It was greatly exceeded in both respects by the fall in prices near the beginning of the century, during the so-called "bimetallic" period. And thus disappears the chief foundation of my colleague's entire argument and of the whole free silver contention.

2. The chart is equally severe on another very touching argument of the free silverites. Silver and its advocates are very sympathetic, very anxious to ameliorate the sad condition of men. Silver is claimed to be able and willing to "restore prices." But it is well worthy of note, Mr. Chairman, that during the long period from 1809 to 1865, a period marked first by a tremendous fall and then by a great rise in prices of commodities, the price of silver varied but slightly. Though silver advocates frequently boast of this uniformity in the price of silver they never put it in connection with this other fact. Thus it is never revealed by them

McCLEARY'S, A.



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that during this long period, when silver had "free access to the mints," it held itself aloof from other commodities, impotent alike to prevent their fall or to promote their rise.

FALL IN PRICES WAS BETWEEN 1865 AND 1873.

3. We note, in the third place, that the recent fall in prices did not begin in 1873, but in 1865. When those who are trying to foist upon this country the unlimited coinage of silver as a panacea for all our ills, real and imaginary, seek to establish their position by statistics of average prices and by giving the prices of certain great commodities like wheat and cotton, why, in the name of candor, do they not go back at least a few years further and show that, in relation to some of the most important items quoted, the fall in prices between 1865 and 1873 double discounted anything in the way of a fall that has taken place since 1873, that it was greater in those eight years than in all the years since? Why, for example, don't they remind the cotton planter that the price of middling cotton fell from $1.015 a pound in 1864 to less than 17 cents in 1871? Do they not possess adequate information on vital points? Or are they willingly suppressing a portion of the truth, having a lively appreciation of the fact that this simple statement would be sufficient to overturn their entire contention?

FALL DID NOT BEGIN IN 1873.

And now, Mr. Chairman, having shown by my colleague's own figures that the fall in prices about which he and other free silverites say so much is not the only one or even the great one of this country; that it did not begin in 1873, and hence is not due to the cause to which they ascribe it; and that "free silver," having demonstrated in the past its incompetency to affect prices (even if that had been shown to be desirable), cannot reasonably be expected to affect them in the future—these things having been proved, Mr. Chairman, our side can fairly rest our case and demand the judgment of all candid men.

WHAT CAUSED THE TWO GREAT FALLS IN AVERAGE PRICES.

Taking the century as the period for investigation, and reverting again to my chart for the course of prices, let us try to discover the reasons for those mighty changes in the level of prices.

We note first of all that there have been in this century two periods of very high prices and two periods of gradual fall in prices. Can any principle or law be discovered in accordance with which these changes in price levels took place? If so, it is very pertinent to this discussion.

Let us see if the two periods of high prices have anything in common. The first of these periods extended from 1789 to 1814, with its highest point at 1809. It is very important to remember that these were the years of the Napoleonic wars, which cost Europe so much in blood and treasure. It is noteworthy, also, that the second period of very high prices covers the years of great wars, the Crimean in the early fifties, our own mighty conflict in the early sixties, followed in the later sixties by the war between Prussia and Austria, and in 1870 by the Franco-Prussian war.

ABNORMAL DEMAND CAUSED BY WAR.

Now war is a great destroyer of property, while at the same time it takes from the productive industries vast numbers of their best workmen. It is a time of abnormal demand coincident with abnormally restricted supply, hence a period marked by great wars is always a period of abnormally high prices.

What, on the other hand, is the natural and legitimate effect on prices produced by a long period of peace?

Every person within the sound of my voice has as one of his proper ambitions the acquirement of a competency for his old age. Now, Mr. Chairman, what is the rational basis for such a hope? In its ultimate analysis it is this: That each month and each year the person entertaining such a hope shall produce more than he consumes. This is the basis of increase in wealth, personal and national.

PRICE DEPENDS ON SUPPLY AND DEMAND.

Now price depends chiefly on two things: 1, the relation between demand and supply, and, 2, cost of production. It therefore follows that in a long period of peace, when production naturally exceeds consumption and when the wit of man is free to exercise its ingenuity in devising new and better methods of production, prices naturally fall. Thus it has been through all the ages, and thus will it ever be. Following the Napoleonic wars at the beginning of the century, and following the Franco-Prussian war of 1870, came long periods of peace, accompanied by the usual fall in average prices.

If peace conditions are normal, three incidental results should appear, and all of them have appeared:

1. There should be improvement in the standard of living. This implies
2. That a given amount of labor should bring larger returns in the comforts of life, and
3. The demand for more and better things to eat should show itself in sustained prices for those better foods whose productions cannot be increased indefinitely.

WHAT SOETBEER'S SUMMARY SHOWS.

Pushing this investigation a little further, let us find out what articles have been most affected by the fall in prices.

The price tables of Dr. Adolph Soetbeer, the great German statistician, are justly regarded as high authority. Let us see what they show when considered, as he himself sums them up, by groups. The numbers in the following table are his index numbers, with 1847-50 prices as a base or 100 per cent:

	1866-1870.	1881-1885.
Products of agriculture, etc.	137.74	130.77
Animal and fish products	136.35	150.65
Southern products, etc.	121.54	134.41
Tropical products	118.32	119.91
Minerals and metals	95.47	81.55
Textile materials	129.17	96.65
Miscellaneous	105.90	91.11
Fourteen British manufactured articles	130.55	103.28

FOOD PRODUCTS ADVANCED, MANUFACTURED PRODUCTS FELL.

Dividing the above table into two equal parts, we observe that the price of the first four (which are chiefly food products) were marvelously sustained and even advanced, while the prices of the second four (in the production of which labor saving machinery are largely used) show a marked fall.

The Soetbeer tables evidently do not warrant the statement so often made, with them as alleged authority, that "there has been a general fall in prices," if by that expression is meant that all articles or groups of articles have fallen largely and in a measure equally.

PRICES NOT GOVERNED BY VOLUME OF MONEY.

It is accepted as axiomatic by many that the volume of money in a country governs prices there, and, at first glance, this seems reasonable. But even a little study of the subject shows that such a view is untenable.

In 1800, when we had a period of high prices, our volume of money in circulation was $26,500,000. As our population was then 5,308,483 we had only $4.99 per capita. In 1847, when prices were much lower, we had money in circulation amounting to $10.59, or more than twice as much proportionally as in 1800.

In 1865, when we had inflated war prices, the volume of money in circulation amounted to $20.57 per capita, while in 1894, when average prices were much lower, the money in circulation was $24.28 per capita.

ARE PRICES 100 TIMES HIGHER IN FRANCE THAN IN GREECE?

The total volume of money in circulation in France to-day amounts to $35.77, while that of her neighbor, Switzerland, is only $9.97 per capita. Does any one believe that the prices in France are four times as high as in Switzerland? Taking gold money as the basis of comparison, France has $22.19 per capita, while Greece has only 23 cents per capita. Does any one believe that prices in France are a hundred times as high as in Greece? As a matter of fact, they are almost identical.

Tooke, in his monumental work on "History of Prices," truthfully sums the matter up as follows:

> "There is not, as far as I have been able to discover, any single commodity in the whole range of articles embraced in the most extensive list of prices, the variations of which do not admit of being distinctly accounted for by circumstances peculiar to it. * * * Circumstances do frequently operate with such force as to reduce prices in the face of an expanding currency and to advance prices when the currency is diminishing. In point of fact, the expansion is frequently rather an effect than a cause of enhanced prices."

PRICES THAT DO NOT NEED "RESTORING."

The United States Statistical Abstract deservedly ranks high as an authority. Opening the latest edition (1894) at page 417, I find the export price of mess beef quoted at 7 cents in 1872, at 8.9 cents in 1882, and 5.7 cents in 1892. Butter in 1872 is given at 19.4 cents, in 1882 at 18.6 cents, and in 1892 at 19 cents. Prices of eggs for the same dates are 20.3 cents in 1872, 20.9 cents in 1882, and 23.2 cents in 1892. Other great staples, like corn, pork and ard, show equal firmness. The prices of these articles don't seem to need any "restoring."

But perhaps the free silver men would like to apply their "restorer" to the price of refined sugar, which cost 12.6 cents a pound in 1872 and only

[THIS PAGE IS FROM JOHNSON]

That is a fact. It is also a fact that Mr. Cleveland was President of the United States during those years. Generally speaking, it is strictly true that the price of wheat has never been higher in India than in America except when there was either a famine to abnormally raise prices in India or a triumphant democracy to abnormally depress prices in America. (Applause.) Instead of wasting time trying to restore the conditions of 1873 let us pray God to deliver India from famine, and let us help the the farmers of America to deliver themselves from "four years more of Grover" by undoing the blunder of 1892, and the "crime of 1873" can safely be left to work out its own salvation or condemnation. (Applause.)

If there were any substantial advantage to be gained by exchanging wheat for rupees or for cheap Mexican free-coinage silver dollars, the American farmer could easily exchange his good American gold dollars for any of these cheap coins, and he would get just as many rupees or Mexicans for a bushel of wheat as his competitors. Up to this point they would be on an equal footing. The only difference in final results would depend on relative smartness in getting rid of the rupees.

THE JUST WAGES OF HONEST TOIL.

The farmer in India might be more successful in cheating the poor laboring man out of the just wages of honest toil than would be possible in America. That I admit. Depreciated money always hits the laborer first and hardest, and the more ignorant he is the more he is hit. But when it came to paying out the part that goes to the merchant, the banker, and the railroad man it is not very likely that the ordinary farmer, either in India or America, would rob the party of the second part in the transaction to any alarming extent. But enough of India. Let us now turn to matters nearer home.

It is extremely fashionable to assert that since 1873 it has gradually become harder and harder for the laboring man and the farmer to acquire gold or to pay debts. I admit that it has been harder to get gold to pay debts now, since 1892, than it ever was before.

The same may have also been the case in a lesser degree during the first four years of Grover. But during the years of Republican supremacy exactly the reverse was true. The improvement was not regular and steady, but it was nevertheless a distinct advance.

Speaking now as a Republican and as a representative, glad to render an account of my stewardship and the stewardship of my party during the thirty years when the party was charged with responsibility for the prosperity of the people and the glory of the Republic, I make the statement without fear of successful contradiction that the last and thirtieth year of the thirty years of Republican supremacy was the best year in all our history for the laborer and for the farmer, and that was the year of years, before or since, when it was easiest to get gold to pay debts.

That this was true in the case of the farmer I shall attempt to prove by a mathematical statistical demonstration.

On page 6 of the last annual message of President Harrison, sent to Congress December 5, 1892, you will find this statement:

> "There never has been a time in our history when work was so abundant or when wages were so high, whether measured by the currency in which they are paid or by their power to supply the necessaries and comforts of life."

of those things in the production of which anything like the same amount of labor must be expended have held their own or have increased, while things, and these are very numerous, in the making of which labor-saving inventions and machinery have been introduced have greatly fallen in price. This accounts for the fall in "average prices," about which so much has been said.

CLINCHING A FACT.

Mr. HOPKINS—Your argument, then, is that the things which ought to have been reduced in price since 1873 have been reduced, while the things that ought to have increased in price have increased.

McCLEARY, of Minnesota,—My friend from Illinois has, with his usual clearness, stated the case tersely and well.

The lower prices result from the reduced cost of production. There is not the slightest evidence that the so-called "demonetization" of silver had anything to do with it. And the sure proof is that the reduction of cost of production has been accompanied by an increase in the wages of the producer.

THE CAUSE AND RESULT OF LOWER PRICES.

The great staples of the world are cheaper because it takes less human labor to produce them. "Every new railroad and steamboat, every labor saving machine and improved process of manufacture, increases the grasp which labor holds on the desirable things of the world."

And thus we see, Mr. Chairman, that the great fall in prices of manufactured articles during the last third of a century has been in the main perfectly legitimate, and that its ultimate result will be most beneficent. Taken in connection with the rise in wages, it measures man's vastly increased command over the forces of nature.

These wonderful results have come as the beneficent fruitage of man's inventive genius in devising labor saving machinery, of the marvelous new forces which men are harnessing for the service of the human family, of the remarkable improvement in modern facilities for transportation and of the stoppage of the tremendous and cruel waste of war.

NATURAL LAW.

What will a day's work produce? This is the true test of progress. As prices decline compared with the reward of human labor the condition of the people is elevated. This is a process of natural law and a phase of evolution. Men struggle against it only because they do not understand it. Like all movements onward, it brings temporary hardship to individuals here and there. But for the vast mass of humanity it is bringing emancipation from want and the promise of that golden future when a minimum of time will be required to provide for the necessities that are simply physical and temporal, thus leaving time and opportunity for the cultivation of those elements in our nature that are spiritual and eternal.

THE WORLD'S PRODUCTION AND USE OF SILVER.

My colleague's chart, probably without any such intention on his part, is very misleading on two points of vital importance, in that it represents the production or average bulk of silver as constant and that of gold as having greatly diminished since 1870. How very misleading this is will be seen by the following table, taken from the report of the Director of the Mint, pages 248-9:

Production of gold and silver in the world since the discovery of America.

[From 1493 to 1885 is from a table of averages compiled by Dr. Adolph Soetbeer. For the years 1886 to 1894 the production is the annual estimate of the Bureau of the Mint.]

Period	GOLD Annual average for period		SILVER Annual average for period	
	Ounces, fine	Value	Ounces, fine	Coining value
1493-1520	186,470	$3,855,000	1,511,050	$1,954,000
1521-1544	230,194	4,759,000	2,899,930	3,749,000
1545-1560	273,596	5,656,000	10,017,940	12,952,000
1561-1580	219,906	4,546,000	9,628 925	12,450,000
1581-1600	237,267	4,905,000	13,467,635	17,413,000
1601-1620	273,918	5,662,000	13,596,235	17,579,000
1621-1640	266,845	5,516,000	12,654,240	16,361,000
1641-1660	281,955	5,828,000	11,776,545	15,226,000
1661-1680	297,709	6,154,000	10,834,550	14,008,000
1681-1700	346,095	7,154,000	10,992,085	14,212,000
1701-1720	412,163	8,520,000	11,432,540	14,781,000
1721-1740	613,422	12,681,000	13,863,080	17,924,000
1741-1760	791,211	16,356,000	17 140,612	22,162,000
1761-1780	665,666	13,761,000	20,985,591	27,133,000
1781-1800	571,948	11,823,000	28,261,779	36,540,000
1801-1810	571,563	11,815,000	28,746,922	37,168,000
1811-1820	367,957	7,606,000	17,385,755	22,479,000
1821-1830	457,044	9,448,000	14,807,004	19,144,000
1831-1840	652,291	13,484,000	19,175,867	24,793,000
1841-1850	1,760,502	36,393,000	25,090,342	32,440,000
1851-1855	6,410,324	132,513,000	28,488,597	36,824,000
1856-1860	6,486 262	134,083,000	29,095,428	37.618,000
1861-1865	5,949,582	122,989,000	35,401,972	45,772,000
1866-1870	6,270,086	129,614,000	43,051,583	55,663,000
1871-1875	5,591,014	115,577,000	63,317,014	81,864,000
1876-1880	5,543,110	114,586,000	78,775,602	101,851,000
1881-1885	4,794,755	99,116,000	92,003,944	118,955,000
1886	5,135,679	106,163,900	93,297,290	120 626,800
1887	5,116,861	105,774,900	96,123,586	124,281,000
1888	5,330,775	110,196,900	108,827,606	140,706,400
1889	5,973,790	123,489,200	120,213,611	155,427,700
1890	5,749,306	118,848,700	126,095,062	163,032,000
1891	6,320,194	130,650,000	137,170,919	177,352,300
1892	7,102,180	146,815,100	153,151,762	198,014,400
1893	7,609,242	157,297,000	165,165,876	213,547,800
1894	8,705,836	179,965,600	166,601,995	215,404.600

POPULATION INCREASED 2 PER CENT.—SILVER 500 PER CENT.

From the foregoing table it will be seen that the production of silver in the whole world never but twice reached $30,000,000 a year before 1841; that by 1866-70 the annual production of silver had become almost double that amount; that by 1876-80 it had passed the $100,000,000 mark; and that now the annual production of silver is almost seven times what it was half a century ago. During that time the population of the world has not quite doubled. That is, sir, while the world's population has increased at the rate of about 2 per cent a year, the annual production of silver dollars has increased by 500 per cent. In other words, to use a favorite method of theirs, the "per capita" of silver has increased enormously; so we would naturally expect an enormous fall in its price.

From this (remembering also that the cost of production has greatly decreased) we see that the fall in the price of silver has not been as great as we would naturally expect. How is this accounted for? This wonderfully sustained price of silver can be accounted for in only one way, namely, by an enormous increase in the use of silver. This has taken place in two directions:

1. In the arts. The use of silver in the arts has increased in the last quarter of a century several hundred per cent. (This increase in the use

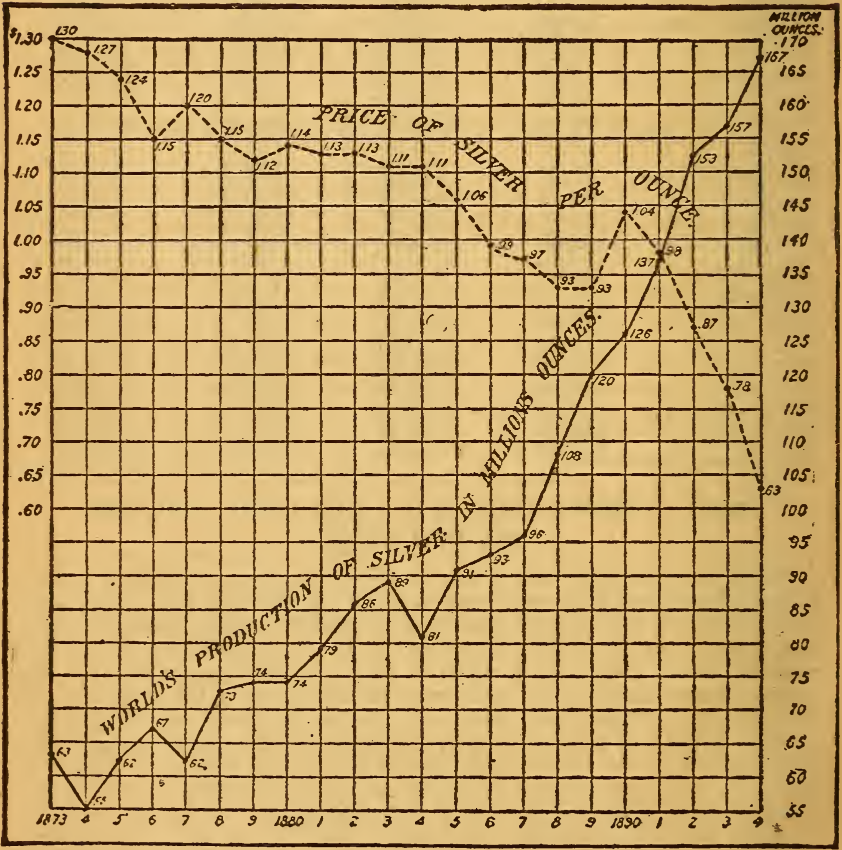
of silver in the arts has been so enormous as to have actually raised the price of silver during the last year.)

2. As money. There has been added to the full tender silver money of the world in the last twenty-two years an amount equal to the accumulations of all the ages up to that time.

In view of these facts, it is simply trifling with words to say that silver has been "demonetized;" and to say that "half our money has been struck down" is plainly to tell an unmitigated falsehood.

The following chart, prepared by my distinguished friend from North Dakota (Mr. JOHNSON), exhibits to the eye the increase in its production and the decrease in its price since 1873:

McCLEARY'S, D.



PRODUCTION AND COINAGE OF SILVER IN THIS COUNTRY.

Our annual production of silver is now and has been for years more than a thousand times as great as it was before the war, and yet there are leaders among the silverites who find it necessary to malign human nature and attack the memory of good men in order to explain why an ounce of silver is not worth as much now as then.

Our total coinage of silver since 1873, up to and including 1894, has been $538,444,467. This is an average of almost $25,000,000 a year, or ten times the highest average annual coinage before 1873. And of this coinage the vast sum of $431,320,457 is in the form of dollars, every one of which is full legal tender. Such an enormous coinage of silver was never dreamed of in the world before.

THE GREAT INCREASE IN GOLD PRODUCTION.

But some one might properly ask in this connection, "Has not the output of gold increased also?" The answer is, "Yes, enormously."

Up to 1848 the world's annual production of gold never but once reached $14,000,000, while in this last half century it never but once fell below $100,000,000, and in 1895 it was over $200,000,000. The world now produces more gold every month than it did in a year half a century ago. In other words, sir, the world's production of gold in these last 50 years exceeds by far its entire production for the preceding 400 years. This is the fact hinted at in my colleague's chart, but not clearly brought out. And the annual production of gold alone is now more than four times as great as was the production of both gold and silver up to 1840. This is the fact, sir, which has sounded the death-knell of the free coinage of silver.

THEORETICAL VERSUS PRACTICAL BIMETALLISM.

The advocates of the unlimited coinage of silver say: "Open the mints to the free coinage of both metals. Then they will both be coined, and both will circulate as money." But though every country in Europe and America has tried this experiment, though some are still trying it, the advocates of this method cannot point to a single instance in which their method has ever succeeded. As we have already seen, France had, with her mints open to both metals, first a circulation of silver up to about 1850, and then a reversal to gold only.

Our own experience here in the United States has been the same. Our coinage ratio of 15 to 1, from 1792 to 1834, overvalued silver and undervalued gold, so during those years, at least the last 20 of them, our circulation consisted of silver and no gold. The change of ratio in 1834 and 1837 to 15.98 to 1 (commonly spoken of as "16 to 1") overvalued gold and undervalued silver, and silver gradually retired from circulation as money. No one would part with 371.25 grains of silver (the amount of pure silver in a dollar) for 100 cents as money when he could sell it for 103 cents as bullion.

And this has been the experience of every nation that has ever tried the experiment. A double standard is, therefore, an alternating standard. It is not bimetallism, but one-at-a-time metallism.

THE USE OF BOTH METALS.

What the people want is the use of both metals, each in the way that will best serve their purposes. They want the actual circulation of both, not simply the promise of it. You free silverites offer them a method that has always failed and in the nature of things always will. We offer a method that has never failed under normal conditions, and that is why it has been adopted by all the leading nations of the world. You offer a law permitting both to be coined, hoping that both will be. We offer a plan whereby the desired result is secured with certainty. Yours is the bimetalism of the statute book. Ours is the bimetallism of the counting room. Yours is theoretical bimetallism. Ours is practical bimetallism.

WHAT FREE COINAGE MEANS.

What does "free coinage," as it is called, mean? It does not mean that the government would buy any of the silver; not an ounce. The government would simply receive the silver from its owner, stamp it and hand it back to him. Does that create any demand for the silver?

Buckwheat flour is now used to a limited extent for food. The demand for buckwheat flour is entirely due to this fact. Would opening a new buckwheat flour mill create any demand for buckwheat? Certainly not, any more than the reaping and thrashing did. These are all simply steps in preparing the supply. The market would still have to be found in competition with other kinds of flour.

OPEN MINT WOULD CREATE NO DEMAND.

And similarly, the "open mint" would create no demand whatever for silver any more than the smelting or the mining does. These are all simply steps in preparing the supply. The demand is in the need of money of various kinds with which to make exchanges. The owner of the coin would still have to go forth and find a market for this kind of money in competition with other forms of money. The minting would, therefore, not create any demand for the silver, but would simply put it into shape to meet whatever real demand there might be for silver coin in the channels of trade in competition with other forms of money.

And, sir, because of the bulkiness of silver in proportion to its value, the demand for silver coin in actual business is very limited. As a matter of fact, there is more silver coin in this country to-day than can be used as coin. Experience has shown that the business of the country needs about $125,000,000 in silver coin of all kinds, including minor coins. But we already have a stock of silver coin amounting to over $500,000,000. So there is absolutely no trade demand for more silver coinage for some time to come.

WAGES IN MEXICO.

Every one will admit that, so far as legislation can affect the matter, that system is best under which those who earn their daily bread by their daily toil receive the best returns for their services.

The following statement appears in bulletin No. 9, 1891, of the bureau of the American republics:

> "One of the greatest evils (referring to Mexico) at the present time is the existence of a scale of wages which defies all power of reduction, which robs the laborers of all sense of dignity or feeling of association with the rest of their fellow citizens, and having reduced them to a condition of abject abasement deteriorates to a like extent their productive power and the measure of their ability. They are content to regard themselves as a plant or machinery which moves by extraneous aids only and has no power of volition, and no desire to exercise it if it had."

We have before us, Mr. Chairman, a special message from the President asking us to make an appropriation to pay certain railroads for carrying certain people from the Mexican line to various parts of the United States. What is the story behind this? Simply this, sir: Some of our workingmen, having been told how fearfully they were being abused under our system, and being assured that things were "booming" in Mexico, became the victims of their misplaced confidence in free silver orators and went to Mexico. Then they learned the truth, finally coming home at public expense. How many more of our workingmen will allow themselves to be made victims of similar tales?

HOW ABOUT AMERICAN WORKINGMEN?

And now let us see how the situation of workingmen in this country compared in 1890 with that during the so-called "bimetallic times."

From the famous Senate report on wholesale prices, transportation and wages, before referred to, I take the facts for the following table of wages in leading occupations every tenth year for some time before the war, when we had our mint "open to the free coinage of both metals," in comparison with wages in 1890, a sixth of a century after we finally adopted our present system of unlimited coinage of gold and limited coinage of silver:

Occupation.	Wages per diem			
	1840.	1850.	1860.	1890.
Plasterers	$1 50	$1 75	$1 75	$3 50
Blacksmiths	1 50	1 50	1 50	3 00
Blacksmiths' helpers	83½	83½	83½	1 75
Painters	1 25	1 25	1 25	2 50
Wheelwrights	1 25	1 25	1 25	2 50
Carpenters	1 29	1 41	1 52	1 94
Engineers	2 00	2 25	3 00	4 25
Firemen	1 25	1 37	1 44	1 65
Laborers	81	1 04	99	1 25
Machinists	1 54	1 55	1 76	2 19
Watchmen	1 10	1 06	1 00	1 55
Average, according to importance, for all occupations, 1860 being reckoned as 100	87.7	92.7	100	168.6

We have seen that the condition of American workingmen has vastly improved since the days when we had free coinage of silver. It has been shown, also, that opening our mint to coinage of silver on private account would at once send us to a silver basis. How would this affect wages and the men who earn them? Every man who earns his daily bread by his daily toil owes it to himself and those whom he holds dear to think this over carefully.

PRICES CHANGE QUICKLY—WAGES CHANGE SLOWLY.

Any man who will examine daily quotations of prices as reported in the newspapers will soon discover that they change from day to day and sometimes change very greatly in the course of a month. But every man who earns wages is familiar with the fact that they change slowly, an increase of 10 per cent. in a year being quite a gain. Prices change quickly; wages change slowly.

Now let us grant what the advocates of free silver claim—that going to the silver basis would "double the prices of commodities." Does any workingman believe that wages would be doubled too? Even if they should be, how much would the wage earner profit by the change? No intelligent workingman believes for a minute that his wages would be increased by more than a small per cent.—that is, while his wages might be nominally increased somewhat the prices of the things he has to buy would be increased very much more. So the real purchasing power of a day's work would be greatly diminished. All experience shows that any debasement in the money system of a country raises prices faster and farther than it does wages. This might influence some employers to consider the propriety of debasing our currency, but it is precisely the reason why workingmen should oppose it.

So far as workingmen are concerned the whole silver question is to be summed up in one query, Do you want your wages cut down? If so, vote for the free coinage of silver.

WOULD NOT HELP THE FARMER.

What inducements do the silver producers hold out to the farmers to get them to co-operate in this scheme? They promise the farmers higher prices for their products. The sensible question which every thoughtful farmer will naturally ask is, Could they and would they keep their promise? Let us see what the chances are.

They claim that "silver would increase in value and would carry with it the prices of farm products."

To say that there is any relation between the price of a metal dug out of our Western hills (depending for its value upon conditions peculiar to itself) and the price of any of the vegetable products of our fields (each of which depends for its value upon a set of conditions peculiar to itself)—to tell men that there is any relation between the prices of things so different in their nature and uses, is to insult the intelligence of those who are addressed.

SILVER AND WHEAT.

The total value of the silver product of the United States in 1892, even when reckoned at the price before 1873, was $82,101,000, and this was the greatest yield in the history of our silver production (Mint Report, page 242).

According to the Statistical Abstract, page 267, the farm value of the cotton crop of this country in 1891 was $350,000,000; that of the wheat crop was, in round numbers, $400,000,000, and that of the corn crop was over $800,000,000. The value of our corn crop alone was ten times the value of the silver crop of this country and four times the value of all the silver produced in the whole world that year. Why, sir, the clucking hens of our farms produce more wealth every year than these silver miners, who so patronizingly tell the farmers what they will do for them.

Farmer friends of mine in Minnesota have told me that before the war they have hauled wheat 50 miles to market with an ox team occupying days in each trip, and got 45 cents a bushel for it in wildcat money, which was in danger of being worthless when they got home. Yet in those days the mint was open to the "free and unlimited coinage of silver."

THE SITUATION OF FARMERS IN 1873.

So much has been said by free silver orators to mislead farmers into the idea that everything was prosperous with them before 1873 and nothing has been since, that I submit now a paragraph that I have copied from the report of the Iowa State Agricultural Society for 1873. It is from an address delivered by C. H. Rogers at the Harrison county fair, and gives a faithful picture of the situation at that time in that mighty State:

> Proud of these aspects and of her progress in practical agriculture, still the condition of the laboring man and farmer is far from what is desirable. They have worked, watched and waited for an adequate reward until weariness has well-nigh turned to helplessness. Farming has been a financial failure for the past three years. Hard toil has opened up fine farms and brought to the bins the products of unexampled harvests, but the sales have hardly paid expenses and bought cheap clothing until the coming harvest. There is no surplus to improve buildings, purchase thoroughbred stock and furnish the home with any of the luxuries of art and literature.

WOULD BE HARD ON DEBTORS.

Let us suppose that the advocates of free silver sweep everything before them, capturing the Presidency and the House and continuing to control the Senate. What would be the natural thing to expect? What would you do if some one owed you and you were not protected by a gold clause in the contract? You would demand what was coming to you. Every man having an obligation coming due would, in self-defense, demand all that might be coming to him while he could still get paid in money of full value. Debtors would be compelled to pay up at once or give new and better security, with a promise to pay in money of the present standard. On the maturing of their obligation they would certainly have to pay an enormous premium for the kind of money required. They would not escape making payment in money of the present standard and would have to take their chances of getting enough more for their products to enable them to make the payment without actual loss. They certainly would not gain anything and would take all the risk of losing—losing not only the premium which they would surely have to pay, but depending upon the forbearance of their creditors not to lose all they possess.

And what is the probability of the creditor being able and willing to grant concessions? Depositors in banks would withdraw their deposits. This would compel the banks to call in their loans. The four months between election and inauguration would be strewn with the **wrecks of** business houses now giving employment to millions of people.

FREE SILVER WOULD CONTRACT.

The plan of the free silverites, as all experience shows, would subtract from our volume of money a very large and exceedingly valuable part of it. It would diminish our money by the amount of our gold and its representatives, at the very lowest estimate, $600,000,000. Its disappearance would be immediate.

Moreover, sir, we would have poorer money. The silver money would be bulkier and less convenient than what we have now. And it would lack in stability. And while "money makes the mare go" we should not forget, sir, that it must be stable money.

Creditors, as a rule, would therefore be unable, no matter how well disposed, to grant concessions to those who were owing them. We who are in debt, sir, are the ones most vitally interested in the defeat, the overwhelming defeat, of every proposal for the free coinage of silver.

MARVELOUS PERFORMANCE OF A CIRCUS DOLLAR.

When I was a small boy, I saw something that I shall never forget. It was at a circus. The clowns and some other employes arranged themselves in a circle. Let us say that there were twenty of them in all. No. 1 said to No. 2: "I owe you $2. I'll pay up as soon as I can." No. 2 made this statement to No. 3, No. 3 to No. 4, and so on around the circle. No. 20 saying it to No. 1. No. 1 shoved his hands into his pockets and with a look of pleased surprise pulled out a dollar. Turning to No. 2, he said: "I didn't know that I had that dollar. Here's so much on account." No. 2 took the dollar, and with similar language passed it on to No. 3, and so it went around the ring. No. 20 passed it to No. 1, who received it with a smile and started to put it into his pocket, but instead he turned to No. 2, and said: "I didn't expect to be able to pay you the balance so soon, but here it is." And so it went around the ring, finally coming back to No. 1, who with a satisfied smile put it into his pocket.

To the little boy who looked as I did thirty odd years ago, this was simply the funny work of clowns, to be laughed at and forgotten. It was not forgotten, however, and to the man older grown and charged with the serious consideration of the affairs of a great nation, it illustrates the profoundest truth in finance. What is that truth? It is this: Under proper conditions the working power of a dollar is beyond all human computation.

BASKETS FOR WHEAT, DOLLARS FOR BUSINESS.

I was very much surprised to hear this afternoon a man so prominent as my friend from Tennessee (Mr. McMillin) speak as if money paid for taxes was lost to circulation. I have often heard men speak as if they thought that there must be as many dollars in existence as there are dollars' worth of business to be transacted. What would a farmer say to an agent for bushel baskets who should attempt to convince him that he needed as many baskets as he expected to raise bushels of crop? The farmer would feel that his intelligence had been insulted, and justly so. He knows that he can use the same basket over and over again, and the quantity measured in a given time will depend on the speed with which the one handling it works. And then, if properly used, it is ready to do as much more.

So with the yardstick, the pound weight and the dollar. Each can do an almost infinite amount of work if properly used. What are the conditions of highest efficiency in money—under what conditions can a given amount of money do the most work? Let us examine our illustration.

The dollar in the circus ring did the work of forty dollars in five minutes and was just as capable of accomplishing as much more in the succeeding five minutes. Why was this? Simply because it moved promptly.

QUALITY MORE IMPORTANT THAN QUANTITY.

With good money and mutual trust a dollar did the work of forty, while with questionable money and distrust twenty dollars could accomplish nothing. In other words, the quality of money is immensely more important than its quantity.

And, sir, a set of men who make it part of their plan to malign human nature and then offer us a debased currency would not only deprive us of part of the money that we now have, but they would paralyze the working power of what remained. They are not only morally wrong, but financially unwise. They and their policy are alike condemned. They offer poor money and distrust. We offer abundant money of the best quality and well founded confidence. Is there any doubt as to which the American people will approve?

To employ a figure of speech, we contend that our body politic needs in its circulation both kinds of corpuscles, and that it needs them both all of the time. The best that is promised by the gentlemen on the other side is that their plan will furnish them alternately; one at a time, first one and then the other—that is, sir, they offer us a sort of chills-and-fever system, which would produce distress in life, and would result in early death to business enterprise.

Our plan secures to our circulation all the elements needed for the health of the body, including both kinds of corpuscles, all of the time and in the proportions demanded by the most vigorous life. And behind this good financial blood, to prevent its stagnation, to propel it in life giving circulation, even to the extremities of the body, we place the great heart, confidence—confidence in our financial system and in each other, confidence in our system based on approved experience, confidence in each other based on the knowledge, that after all, men would rather do right than wrong.

A POPULIST HUMBUG EXPLODED

REFUTATION

OF THE ALLEGED

"Seven Financial Conspiracies."

INCURRING AND PAYING THE WAR DEBT.
CREATING AND REDEEMING THE GREENBACK.

Where We Stood and Where We Stand.
FACT AGAINST FICTION.

FROM THE REMARKS OF
HON. J. W. BABCOCK, OF WISCONSIN,
IN THE
House of Representatives,
WASHINGTON, D. C.

A POPULIST HUMBUG EXPOSED.

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THE ALLEGED

"Seven Financial Conspiracies"

REVIEWED.

ANANIAS AND SAPPHIRA.

As Nero is the synonym for cruelty, and Benedict Arnold for treason, so are Dives and Lazarus for the rich and poor, and Ananias and Sapphira for those who disregard the truth. Hence our title and mottoes, fitly characterizing a pamphlet called "The Seven Financial Conspiracies which have enslaved the American People." To save words, Ananias will be named and Sapphira understood.

If the system of Government as instituted by our fathers afforded little if any opportunity for robbery and oppression, neither does it now present such opportunity, for the Constitution is the same, except that as slavery, "the sum of all villainies," has been abolished, that method of robbing and oppressing the laborer no longer exists.

As Dives and Lazarus lived nineteen hundred years ago, and have lived in all ages and in all countries of which there are any historical records, to attribute the riches and poverty which may now exist to *seven "conspiracies" of the past thirty-three years* exhibits a disregard for truth worthy of Ananias. To paint the American laborer of thirty years ago as a prospective lord, peaceful, sober and respected, with home and plenty, while now he breaks beneath the weight of oppression, seeks relief in a suicide's grave, or attempts to drown his grief in the intoxicating cup, is a bit of romance Munchausen might envy. But history is more reliable than romance.

THE STARVING POOR OF THE FIFTIES.

"In the winter of *1853–'54, processions of the unemployed paraded New York*. Soup houses for the gratuitous feeding of the starving poor were opened in all parts of the city, as well as in the other cities of the Atlantic coast; manufactures and agriculture were in a state of prolonged prostration."—*Denslow.*

"When Congress met in December last the business of the country had just been crushed by one of those periodical revulsions which are the inevitable consequence of our unsound and extravagant systen of bank credits and inflated currency. With all the elements of National wealth in abundance, our manufactures were suspended, our useful public and private enterprises were arrested, and thousand of laborers were deprived of employment and reduced to want."—*Buchanan's Message*, December 6, 1858.

This was before the days of the "seven conspiracies," when there were no National banks, and Shylock had not enslaved the people. Stern realities dissolve fairy visions. In truth, the "American laborer" of to-day is better paid than the laborer of any other country, and his wages will procure for him more of the food, clothing, and comforts of life than in any former age. The savings bank is the barometer of the poor man's condition, and that records as follows :

SEVENFOLD FOR DEPOSITORS—TENFOLD FOR MONEY.

In 1860 there were 278 savings banks, with 693,870 depositors of $149,277,504, an average of $215.13. In 1870 there were 517 banks, 1,630,846 depositors of $549,874,358, an average of $337.17. In 1880 there were 629 banks, with 2,335,582 depositors of $819,106,973, an average of $350.71. In 1890 there were 921 banks, with 4,258,893 depositors of $1,524,844,506, an average of $358.03. In 1860 the average of deposits to the whole population of the country was $4.75 per head ; in 1870, $14.26 ; in 1880, $16.33 ; and in 1890, $24.35. In these thirty years the *population was doubled, the number of depositors has increased sevenfold, and the amount of money has increased tenfold.* Some difference, is there not, between fact and fiction ?

As to the increasing army of "tramps," "drunkards," and "criminals," this great army is not made up of American laborers." The institution is an importation, and when we remember the hordes of criminals, paupers, insane and imbeciles we have allowed Europe to dump upon our shores from her prisons and poorhouses, there is no mystery as to where the recruits came from. Even Ananias ought to have remembered this. As to the slanderous characterization of American laborers involved in the picture, it is worthy of Ananias himself.

EVERY SCHOOL-BOY KNOWS WHAT CAUSED THE WAR.

The proposition that the war of the rebellion was brought about by the Rothschilds, Shylocks, and money kings of Wall street and Europe, to afford an opportunity for robbing, oppressing, and enslaving the American people, discounts Ananias multiplied by Munchausen. Every well-informed school-boy is supposed to know that the controversy between "State Rights" and "National Sovereignty" began with the formation of the Government, came near precipitating a civil war when South Carolina undertook to "nullify" the tariff of 1828, crystallized about the slavery question, and terminated in "secession" on the election of Lincoln in 1860.

Did the "Shylocks" originate this controversy more than a hundred years ago, guide our political disputes and shape our public affairs so as to result in civil war, *that negro slavery might be abolished* and the white people robbed and enslaved? If so, how can it be said that the system of government instituted by our fathers afforded little opportunity for robbery and oppression when this was its very essence and aim ? The Democratic Governors, Legislatures, members of Congress, and Statesmen generally, who maintained the doctrine of State Sovereignty, who organized and led the secession movement, and who exposed their lives to the dangers of war, must feel marvelously complimented and pleased to know that they were but the blind tools of the money kings who, through their passions, made this opportunity to rob and enslave the people. Verily, when Ananias and Sapphira go to their own place, the personage mentioned by St. John, 8 : 44, will be ready to resign in their favor.

ALL EUROPE THOUGHT THE GREAT REPUBLIC DOOMED.

On the 4th of March, 1861, the public debt was $68,482,686.19, as stated by Secretary Chase. The Treasury was empty, and the public credit seriously impaired. There was hardly the pretense of an army, the little navy was scattered in distant seas, and the small amount of arms and munitions of war mostly within the reach of the rebels. Our ships had been seized, as had our mints, arsenals and other property. Seven States had seceded and formed a Confederate Government. Our flag had been fired on in Charleston Harbor, and our troops captured in Texas. A state of war existed when Mr. Lincoln was inaugurated, and *all Europe thought the great Republic was doomed.*

The amount of specie in the country was estimated at $250,000,000, and the amount of State bank notes at $202,000,000. There were no greenback notes of the Government and no national bank notes of any kind. For years the balance of trade had been largely against us. The tariffs of 1846 and 1857 failed to produce sufficient revenue to meet current expenses. The credit of the Government was so badly impaired that *six per cent. bonds had to be sold at twelve per cent. discount.* These were the conditions under which Mr. Lincoln's Administration entered on the Herculean work of subduing the rebellion and restoring the Union. With a hostile party at home declaring that the "States" could not be "coerced," and a foreign sentiment in sympathy with the rebellion, was it any wonder that capitalists at home and abroad were afraid to lend their money, and when they did so required payment to be "nominated in the bond?" Not "Shylock," but common sense dictated this.

WHILE THE WORLD HAS ITS HAT OFF OUR ANANIASES PROPHESY EVIL.

Money was an essential to the prosecution of the war, as were men and munitions. The first loan called for by the Government was responded to with patriotic promptness by the banks, but their want of coherence and coöperation, from the varied State laws, rendered it impossible to depend on them. *Their resources were limited*, *their means immediately exhausted*, and in December, 1861, they were compelled to suspend specie payment. Not to conspiracies of moneyed men, but to the stern necessities of war, the instinct of self-preservation, and the best brains and statesmanship of the nation, do we owe the series of financial measures which carried us through the terrible ordeal, and brought us back again to a specie basis and a restored public credit. It would not do to say that no financial mistakes were made, any more than it would to say there were no military mistakes. But in spite of all blunders, military or monetary, the country came grandly through it all; and the civilized world has stood with its hat off in amazement and admiration at our achievements. It is the Ananiases of our own people who carp and find fault, who prophesy evil, and strive to make their prophesies come true. And it is out of the unprecedented difficulties through which their country has passed, that they weave the tissues of falsehood found in this pamphlet to which our attention is now given.

THE FIRST CONSPIRACY—COLLECTING AND PAYING SPECIE.

The first conspiracy of the Shylocks and money kings to rob and enslave the American people is discovered by Ananias in the act of February 25, 1862, in which is authorized the issue of $150,000,000 of Treasury notes. These were to be without interest, no time was fixed for their redemption, and they were to be receivable for all dues to the United States except customs, and payable on all debts of the Government except interest on the bonds; and they were made a legal tender for all private debts. These were the first "Greenbacks," and the conspiracy is found in the "exception" of customs and interest from the obligations they could be used to pay. Of course, Ananias pays no attention to time, the order of events, or the conditions surrounding their issue. We are told that the "demand notes" were always at par with gold, because they did not contain this exception; and that the greenbacks would also have continued at par if they had not been discredited by the exception named. And, therefore, the conspirators are charged with wilfully depreciating the greenbacks in order to "rob the people."

1. Ananias does not advert to the facts that these demand notes were issued before the suspension of specie payments; that they were payable in coin on demand; that they were not a legal tender, and that they were practically all *presented and paid off within two years*, the amount outstanding September 30, 1863, being but $2,022,173. Quite different from these were the *greenbacks*, whose number finally reached $447,300,203, and *whose depreciation followed the fortunes of the war*, *the bitterness of partisan opposition*, *the probabilities of success in preserving the national life*, *and the payment of the immense war debt.*

2. But why was the "exception" introduced into the act? For many reasons. (1) Because there were then $300,000,000 of interest-bearing bonds which had been issued

upon a coin basis. (2) Because specie payments had just been suspended, more money had to be borrowed, and it was necessary to assure the creditor that he should be paid in money, and not forever be put off with mere "promises" of money. (3) Because it was necessary to *compel the use of coin for tariff duties in order to keep it from all leaving the country.* (4) Because *without this pledge* of the payment of interest, and finally of the principal, in coin, *our paper* of all kinds, notes and bonds, *would have gone the way of the French assignats and our Revolutionary script*, and become utterly worthless. (5) And because without this we would have failed to borrow money, the war could not have been prosecuted, and the Nation would have perished.

WAS ABRAHAM LINCOLN AN ARCH-CONSPIRATOR?

3. There is therefore much more in these acts than Ananias seems to have dreamed of. That of July 17, 1861, provides for a loan of $250,000,000 of bonds, at not more than 7 per cent., redeemable any time after twenty years; or Treasury notes, at 7.30 per cent., payable in three years, exchangeable for coin, and of course payable in coin, as there was then no other money to pay them in. There were $140,094,750 of these notes issued, and they were not made a legal tender. There were also $189,321,350 of the bonds, at 6 instead of 7 per cent., payable in twenty years, the "supplemental" act of August 5, 1861, having increased the amount.

The greenback act authorizes, as stated, $150,000,000 of these notes, of which $50,000,000 were to be in lieu of the demand notes; these greenbacks were exchangeable at the pleasure of the holder for 5-20 year certificates of deposit, to bear 6 per cent. interest. And the act authorized $500,000,000 of 5-20 year 6 per cent. bonds to be disposed of for coin or Treasury notes. That is, the greenbacks might be redeemed in 5-20 bonds, not the bonds redeemed in greenbacks. And this act provides for the collection of the tariff duties in coin, and that "the coin so paid shall be set apart as a special fund and shall be applied as follows: First, to the payment in coin of the interest on the bonds and notes of the United States; second, to the purchase or payment of 1 per cent, of the entire debt of the United States, to be made within each fiscal year after the 1st day of July, 1862."

This act is the foundation of all our war financial legislation, *this pledge of the payment of principal as well as interest in coin has never been withdrawn*, and no law was ever more misrepresented and lied about. It was standing steadfast by this pledge which enabled us to meet $5,000,000,000 of war expenditure, to shoulder a debt of $2,800,000,000 after its close, to successfully return to specie payments in less than thirty years, to reduce the debt by $2,000,000,000, and to accumulate a stock of gold and silver of $1,250,000,000, as we have done.

4. Be it remembered that *if this act was a conspiracy* to rob the people, Secretary *Chase*, who recommended it, *and Abraham Lincoln*, who approved and signed it, *were the arch-conspirators, who deserve the execration of the American people.* But if it was a wise and necessary act, which laid the financial foundation for the success of the National cause, then they deserve our admiration and reverence.

THE SECOND CONSPIRACY—THE NATIONAL BANK SYSTEM.

The second conspiracy discovered by Ananias for robbing and enslaving the people was through the establishment of the National bank system.

1. It must be remembered that *banking was not invented by these conspirators*, whoever they may be, for banks had been in existence for centuries, and in the United States from before the Revolutionary War. Neither was it that the system of banking was National; for other nations had National banks also, and *Washington had signed one United States bank act in 1791, and Madison another in 1816.* Nor was it a novelty that these banks were allowed to circulate their notes as money; for we had bank-note money in great abundance and in great variety before the war. In fact, Joseph's coat of many colors was not so variegated. With *wild-cat, red-dog, blue-pup, and other beastly brands*, we also had secure and well-managed institutions. The conspiracy, then, was not to establish banks or to issue bank notes, but to establish the particular kind of banks which were authorized by Congress during the Civil War.

APPROVED BY PRESIDENT LINCOLN.

2. The present National bank act was approved by President Lincoln, and went into effect June 3, 1864. It was entitled "An Act to provide a National currency, secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof." One cannot but be curious to know in which one of these objects the virus of these banks is found. *Is it in a "National currency," or in the "security of bonds," or in their "circulation" in business, or in their "redemption,"* or was it in something not expressed in the title? When this act was passed there was no coin in circulation except about $25,000,000 in California. On the 1st of July, 1864, there were outstanding: State-bank notes, $179,157,717; greenbacks, $447,300,203; fractional currency, $22,894,877: a total of $618,332,797.

NO MORE GREENBACKS COULD BE FLOATED.

At that time the currency was worth $100 of gold to $258 of greenbacks. Our credit had absolutely reached its lowest ebb; no more greenbacks could possibly be floated, and Congress had given a pledge that no more should be issued. Grant was advancing on Richmond and Sherman on Atlanta, but slowly, uncertainly, and with desperate losses; *Early* came within the District of Columbia and *threatened the Capital; Knights of the Golden Circle were active* in the Western States; *conspiracies were formed for the release of Confederate prisoners of war; the Democratic party was declaring the war a failure, and demanding a cessation of hostilities.* Dark, indeed, in that summer of 1864, seemed the fortunes of the Republic. Congress had to resort to every available means to supply a currency, to sell bonds, and to maintain the army. In June the bank law was passed, in September Atlanta fell, in November Lincoln was reëlected, and the summit of danger was reached and passed. What knows or cares Ananias for all this?

3. But what good did the establishment of the National bank system do? (1) *It created a demand for bonds, and brought money into the Treasury.* (2) It established a reliable and responsible financial agency for the sale of bonds at home and abroad. (3) *It increased the business currency*, adding to the circulation $146,137,800 within a year. (4) *It helped to accredit the greenbacks, in which its notes were redeemable.* (5) It swept away the variegated system of State banks of issue, giving us instead a uniform system under the National authority. (6) *It thus gave us the cheapest and safest system of banking in the world.* And here we must give facts to vindicate these propositions.

NO COUNTERFEITS.

a. Furnishing the circulating notes, of like kind, by one central authority, and under a vigilant system of inspection and detection, the cost of manufacture and the danger of counterfeiting are reduced to their minimi. It is safe to say that the old system cost the people $100 to $1 of cost under the new in these particulars. Every man in business before the war will remember the literature of "counterfeit detectors," and the losses which he sustained.

ALL NATIONAL BANK BILLS ARE GOOD.

b. A uniform system of National bank notes, in which one bank is required to accept the notes of another, and all are secured by Government bonds, makes these *notes secure in the hands of the people and of the same value everywhere. In thirty years the people have never lost a dollar from holding the notes of a broken bank*, for the notes of broken banks are just as good as those of solvent banks. Think of the millions that were lost under the old system. In twelve years, from 1851 to 1863, in one State, Illinois, there were eighty-nine failures and a loss to bill holders of $3,000,000. Other States had like experiences. In traveling all over the United States no care or expense is involved as to whether the notes of banks of one State will be good in another. Brokers' shops for the exchange of bills have disappeared, and millions are saved in this way alone. Under the old system in the purchase of goods and payment of bills and drafts there was a constant charge, especially against the South and West, for "exchange" on New York and other cities, amounting to from one to two per cent., when the money was perfectly good. This no longer exists, as the exchange between National banks is free. A return to the old system, with our present volume of domestic commerce, would cost hundreds of millions.

SAFETY FOR DEPOSITORS.

c. The constant examination of National banks by officers of the Government, the complete reports they must make of their affairs, and the margins for deposits and for redemption they must keep, do not give absolute security against dishonesty and mismanagement. No vigilance can do that. But they give the largest possible security. All the losses the people have sustained from these causes in thirty years are trifling, compared with similar losses under other systems. The present Comptroller of the Currency says that of 4,930 banks organized from the beginning, 246 have failed, about 5 per cent. of the number. Of these 60 paid in full the principal of their debts, 59 paid in part, and 127 are not yet completely settled. Of $81,963,207 of approved claims against them, $50,943,147 have been paid, and of the $31,020,060 remaining, the larger portion will be paid on final settlement.

If half the amount is finally lost, it will make the average loss per year about half a million dollars for the whole system. There are no such accurate reports concerning State, savings and private banks, but some facts are furnished by official reports. Thus, in 1878, the Comptroller collected data showing that in three years preceding the local bank failures in the five States of Kentucky, Indiana, Ohio, Illinois and Missouri, involved a loss of $10,587,747, while in the same States in sixteen years the loss from National banks was $2,146,324; or the losses in one year of State institutions exceeding the losses of sixteen years of National institutions. In the Comptroller's report for 1879 he gives a list of the failure of five National banks in the cities of New York and Brooklyn in sixteen years, with final losses to the amount of $91,421; while in eight years there were failures of twenty-two savings banks alone, with losses to the amount of $4,475,061. *The failure of one single British bank*—the City of Glasgow Bank—*involved a heavier loss than all the failures of all the National banks in the United States in thirty years.* With a capital of $8,000,000, this bank incurred liabilities of over $50,000,000, loaned to four of the directors more than $28,000,000, and caused financial losses of over $21,000,000. Such results are impossible under our system.

BANKS INCREASE CIRCULATION.

4. But Ananias declares there is no necessity for banks; that all money ought to be kept in circulation; that they grow enormously rich by robbing the people; that they get double interest on their money, and much more of the same sort. Well, let us see:

The last report of the Comptroller of the Currency states that *91.3 per cent. of the business of the country is done in credit paper, checks, drafts, bills, etc., and 8.7 per cent. on cash* payments, but this is almost entirely Government and bank notes. *If there were no banks,* clearing-houses, and similar moneyed institutions, *nine-tenths of the volume of commercial business would be at once stricken down.*

What is "circulation?" It is going round and round; as the blood flows out of the heart through the arteries to every part of the body and back to the heart through the veins, to receive a fresh impulse. The moneyed institutions of a civilized country are the heart of its commerce and the necessary means of its circulation. They are the places of safe deposit, also, where thieves seldom break through and steal, as they would often do if money were kept in dwelling-houses. The New York Clearing-House for the year ending October 1, 1893, effected "exchanges"—"circulation"—to the amount of $34,421,380,870 by the daily use of $5,616,580—$6,000 of "circulation" to $1 of money.

BANK PROFITS—CIRCULATION, 1 PER CENT.—ON ALL BUSINESS, 5 PER CENT.

The same report shows the possible profits of a National bank to be as follows: To buy $100,000 of 4 per cent. bonds as a basis for business the banker must pay $111,171.20; on deposit of these bonds he can get $90,000 in blanks, which he can convert into bank bills by proper signatures; the interest on his bonds at 4 per cent. will be $4,000, and the interest on his bank notes, if all loaned at 6 per cent., will be $5,400; total, $9,400. From this income must be deducted the 1 per cent. tax on circulation by the United States, $900; cost of sinking fund for redemption, $533.25; Comptroller's charges for various expenses, $62.50; making annual cost $1,495.75, and leaving net income, $7,904.25. In this nothing is charged against the notes on account of rent, clerk hire, salaries, etc.

Now, suppose instead of placing his money in bonds the capitalist loans his money direct, his $111,171.20, at 6 per cent., would bring him $6,670.27. Deduct this from the bank receipts, and there remains as the *profit on circulating notes, $1,233.98, or about 1¼ per cent.* But other expenses reduce this to nothing, and hence the National banks have reduced their circulation of notes to nearly one-half of what it was twenty years ago. The same report, Table 62, gives the actual dividends of all the National banks for one year, from September 1, 1892, to September 1, 1893, from which it appears that the *profits of the entire system*, counting on all classes of business, *was*, for the whole United States, *5.33 per cent. on capital and surplus, or less than the legal rate of 6 per cent.*, and less than they would have realized if they had done business as individuals.

BONDS TO SECURE CIRCULATION.

As to Ananias' fiction concerning Mr. Jones selling his 1,000 bushels of wheat for $1,000, and having returned to him $900 of the amount, it is not enough alike to be even a decent caricature. When the banker buys $100,000 worth of bonds, the United States *does not return to him 90 per cent. of the money he pays for them, not a single dollar of it.* When he deposits these bonds in the United States Treasury the Government *does not return him nine-tenths of the bonds, nor even a single one of them. Neither does it return to him $90,000 in money, nor even a single dollar.* What it does do is to take $100,000 bonds as security and give him $90,000 in blank sheets, which he may convert into notes or not, at his pleasure. In the state the Government turns them over they are of no value in the hands of a third party. *Only when the banker signs them and makes them his own promises to pay do they acquire value.* They are not then Government notes, and the Government does not owe a dollar of them. *The bank owes them, and the bank must pay them.* All that the Government does is to hold the bonds as security for the people, and to pay these bills out of the proceeds of the bank's bonds if the bank fails to pay them.

SHALL WE HAVE STATE OR NATIONAL BANKS?

Since, then, banks are a necessity to every commercial nation and every trading community, as a safe place for the deposit of money and for loans and exchanges; as we can do ten times as much business with them as we can without; as building cities, opening farms, establishing factories, moving crops, transporting merchandise, and all the multitudinous and magnificent enterprises of modern life are greatly facilitated by them, the only question is, shall we have State or National Banks? That the Confederate Democrats, who assert the sovereignty of the States and assail everything National, should demand the repeal of the 10 per cent. tax on State bank issues, and a return to the old State bank paper, is perhaps to be expected; but why any other intelligent person should do so is a mystery. Of course, *if the Chicago platform prevails*, National banks must go, and *the State bank system will be reëstablished.* There was never a National currency under Democratic rule. If it was the Shylocks and money kings who delivered us from the old wild-cat system by establishing the National system in its place, the people should take off their hats and salute them as patriots. But if it was Lincoln, Chase, and their associates, they are the patriots to whom the people should bow down.

Of course, Ananias and his tribe do not comprehend the fact that if any one is robbed by a National bank it is with his own free will. The law does not compel the farmer to sell his wheat, or the merchant his calico, for bank notes. Neither is he compelled to deposit his money with nor to borrow from them. The man who borrows money, or buys goods on credit, or places a mortgage on his farm, must expect to pay, and has no right to complain because payment is enforced. He can not always expect to live on other people's money. When these people want to borrow from the bank they are very anxious for an "accommodation;" but when they are called on to pay, then it is "oppression and robbery." But so it has been in all ages. Times are "easy" when we are going into debt, but times are "hard" when we have to pay these debts.

THE THIRD CONSPIRACY—CONTRACTION OF THE CURRENCY.

The third conspiracy charged is contracting the currency by the destruction of the greenbacks. This charge is formulated: "On the 12th day of April, 1866, Congress passed a law authorizing the Secretary of the Treasury to sell 5-20 bonds, and with the proceeds to retire United States currency, including greenbacks." We are told that "the country was in possession of $1,996,687,770 of currency;" that during the year 1868, $473,000,000 of money was destroyed; that this process went on up to 1876, when the volume said to be destroyed foots up a total of $1,179,901,418. This left, as per the figures given, $816,786,252. Where Ananias obtained these figures we are not told, nor what kinds of money went to make up the nearly $2,000,000,000 stated. But the official report of the Comptroller of the Currency, dated December 3, 1877, says: "The public debt reached its maximum on August 31, 1865," as follows:

1. Funded debt	$1,109,568,192
2. Matured debt	1,503,020
3. Temporary loans	107,148,713
4. Certificates of debt	85,093,000
5. Five per cent. notes (legal tender)	33,954,230
6. Compound-interest notes (legal tender)	217,024,160
7. United States notes (greenbacks)	433,160,569
8. Seven-thirty notes	830,000,000
9. Fractional currency	26,344,742
10. Suspended requisitions	2,111,000
Total	$2,845,907,626

"Of these, $684,138,959 were a legal tender in the payment of debts." With the fractional currency, this made the "United States currency, including greenbacks," amount to $710,483,701. Ananias states the currency at nearly *three times the true amount, and the "destruction" at 50 per cent. more than the amount which ever existed.*

The same report shows that after the alleged destruction of more than ever existed, on January 1, 1877, there were still remaining:

1. Legal-tender notes	$366,055,084
2. Old demand notes	65,462
3. Fractional currency	26,348,206
Total	$392,468,752

EXPANSION INSTEAD OF CONTRACTION.

The contraction of Government paper was $318,014,949, of which over $250,000,000 was interest-bearing notes. But in the meantime there had been added to the currency bank notes to the amount of $145,381,654, making the real contraction $172,633,298.

But some other things also took place. On January 1, 1866, the greenback was worth in gold 69.20 per cent.; on January 1, 1877, it was worth 93.46 per cent. So that there was added to the purchasing power of the greenbacks, and equally of all the other "currency" which kept pace with them, 24¼ per cent., equal to an increased value of $173,160,506, instead of a loss of $172,633,298. That was not all. The public debt was reduced from July 1, 1866, to July 1, 1877, $622,984,782, causing also a reduction of our annual interest charge from $146,068,196 to $93,160,644.

This yearly saving of $52,907,552 was a direct result of the contraction complained of. But still the statement is not complete, for the last annual report of Secretary Carlisle gives the total currency, including specie, on July 1, 1866, as $673,488,244, excluding, of course, all interest-bearing paper; and on July 1, 1877, at $722,314,883, *an actual increase* of $48,826,639 of currency proper, *instead of a contraction.* In short, this is the state of facts shown by the officers of the Government: From July 1, 1866, to July 1, 1877, there was a contraction of the public debt, a contraction of the annual interest charge, and an expansion of the currency proper by the amount stated, instead of the contraction alleged.

But, says Ananias, during those years there were destroyed $850,000,000 of 7.30 Treasury notes, and these notes, being a legal tender, formed a part of the currency. This is one of the standard lies of the tribe of Ananias. There are three reasons why these were not currency. (1) They bore the highest interest of any paper of the Government, and hence would have been the last to be parted with by capitalists in the ordinary course of business. (2) They were in denominations of $50 to $5,000, none less than $50, and hence not at all adapted to serve as currency. (3) They were not a legal tender; on the contrary, the act of March 3, 1865, in authorizing the issue of $600,000,000 of them, expressly "*Provided*, That nothing herein contained shall be construed as authorizing the issue of legal-tender notes in any form." And there is another very potent reason why they were paid off and destroyed. *They were all due and payable within three years from date of issue.* The last of them came due July 15, 1868, and they had to be paid or repudiated. And it was to pay these and other maturing obligations that so many 5-20 bonds were authorized and issued. Of course, to people who do not mean to pay their debts, this does not count for much.

THE FOURTH CONSPIRACY—STRENGTHENING THE PUBLIC CREDIT.

Following the deep gloom of the *summer of 1864*, when the public credit was so weak that *$100 in gold was worth $258 in greenbacks*, there came the political and military successes which closed out the Rebellion; then the disbandment of the army, the reduction of expenditures and taxation, and payment of the public debt; until *January 1, 1869*, the public credit had so improved that *$100 in gold was worth only $135 in greenbacks.* Further to strengthen the public credit, further to increase the value of the greenback, still further to reduce interest and taxes, came the act of March 3, 1869, which Ananias denounced as the fourth conspiracy. He tells us that this "added $600,000,000 to the peoples's burdens." How?

By the improved value of the currency. To make a greenback that was worth only "38 or 40" cents on the dollar to be worth "75 or 100" cents, was to add to the people's burdens. Could stupidity go farther? But, we are told, the 5-20 bonds were payable in greenbacks; this act changed the bargain and made them payable in gold, and this was what made the additional burden. It is alleged that they ought to have been paid in depreciated greenbacks instead of coin.

IT WOULD MAKE NO DIFFERENCE.

1. Suppose all this to be true, which it was not, after January 1, 1879, when specie payments were resumed, it would make no difference whether they were paid in gold or in greenbacks, since the latter were then worth as much as the former. Now, Secretary Carlisle's report shows that from May, 1869, to June, 1879, the whole

amount of 5-20 bonds purchased for the sinking fund was $185,172,450. That is, this was the amount actually paid off. Suppose we could have paid this in a 75-cent greenback instead of a 100-cent coin, what would we have gained? Just $46,291,612. This, then, was the additional burden instead of $600,000,000.

2. But, as a matter of fact, these bonds were taken up by a process of "refunding." Bonds *of a lower rate of interest* were issued instead, and the actual money payments were but the difference in market value. Very little coin ever passed, and *it is not certain that there was a single gold piece in this particular case.*

3. But as to the main contention, it is not true that these bonds were payable in greenbacks. It was not so specified in the bonds, nor in the law which authorized them. Whils , as we have already seen, the original law under which the first 5-20 were issued pledged the Government to collect its customs "in coin," and to "set apart this coin as a special fund" for the payment of both interest and principal.

4. *And neither does the act of March 18, 1869, in any wise "change the contract" with the bondholder.* Here is the law to speak for itself. It simply declares a purpose to pay in coin all obligations where the contract does not specify otherwise; but where the note, the bond, or the law does specify that payment might be made in legal-tender notes, such obligations were still to be so payable.

5. We have already seen that the increased value added to the people's money from the date of the act to strengthen the public credit to the resumption of specie payment was more than twice as much as the value added to the bonds purchased, so that on the lowest plane of profit and loss, and without regard to the greater question of honesty and good faith, we gained twice as much as we lost. And to this we must add all the subsequent gains from debts paid and interest reduced. As to the relations between Baron Rothschild and August Belmont, Chairman of the Democratic National Committee, for the defeat of Seymour, Ananias may be in the secret of such treason, but most people will think the story is one of Ananias' own and greatest. Now, is there any necessity for defending the reputation of Grant, Morton and Sherman against the charge of being "fratricidal conspirators?" The memories of these great leaders will be held in reverence, whilst that of Ananias continues as it has ever been.

THE FIFTH CONSPIRACY—REFUNDING THE PUBLIC DEBT.

To any man of honest instincts the *payment of his debts is a source of satisfaction*, and to any man of ordinary sense the opportunity to take up his interest-bearing notes, and by the payment of a portion of his obligations to *extend payment of the remainder at reduced rates* of interest is a matter for congratulation. That is just what the Government has been doing ever since the war. But instead of seeing in this reduction of the burden of debt, interest and taxation a matter of rejoicing, *Ananias and his tribe denounce it as an "enormous crime,"* perpetrated by conspirators, *to reduce the people to abject and hopeless servitude.*

1. On August 31, 1865, our interest-bearing debt amounted to $2,381,530,295; on July 1, 1893, it was only $585,037,100. *To thus deprive the "Shylocks and money kings" of a profitable investment in bonds to the amount of $1,796,493,195*, appears to Ananias an infamous proceeding. At the first date our annual interest charge was $150,977,698; at the last named it was $22,894,194. *To cut off the incomes of the "bloated bondholders" $128,083,504 a year fills* the souls of the tribe of *Ananias with* the most *profound horror!* No wonder the Ananiases curse the name of Ulysses S. Grant, and seek to pillory John Sherman for bringing about such results. "Bartering away a blood-bought inheritance," "selling the birthrights of the children" of Shylock, is indeed a fearful crime. However, the country and the Republican party will no doubt both survive this denunciation.

2. Now, what does all this "refunding the public debt" mean? Nothing but this: During the war the Government had to borrow immense sums of money, nearly $3,000,000,000, in addition to the amounts it was collecting by taxation, in order to meet its expenditures. In order to borrow this money it had to give its creditors some evidence of its indebtedness. This evidence took all sorts of forms as seemed most available, bonds, notes, certificates, etc. Some of it was without interest, but the vast majority

at rates of 3½, 4, 5, 6, and 7.30, mostly at the last two. These obligations were payable on demand on sixty days' notice indefinitely, and in one, two, three, five, ten, seventeen, twenty, forty years, etc. Now, when the war was over, the Government set itself in earnest to the payment of its obligations, and as they came due much faster than they could be paid, they were taken up and new obligations given in their place. The whole refunding scheme was comprehended in this: (1) *To pay the debt as fast as possible;* (2) to give new obligations in place of those coming due that could not be paid; (3) *to take up the obligation bearing a higher rate of interest, and issue instead others at lower rates.*

REDUCTION OF PRINCIPAL AND OF INTEREST.

In this way the principal of the public debt, less cash in the Treasury, has been reduced from $2,756,431,571 in 1865 to $838,969,475 in 1893; and the interest-bearing debt and yearly charge reduced as above stated, and the public credit so improved that it can now sell bonds at par with only 2 per cent. of interest. The $50,000,000 sold by Secretary Carlisle to protect his gold reserve was sold on this basis. No nation was ever able to do better than this. There are three things which Ananias and his tribe seem to be incapable of comprehending: First, that *every bond, certificate and note*, whether bearing interest or not, when issued by the Government, *is an evidence of debt, an obligation which must be met, a promise to pay dollars, and must be paid or the Government dishonored. Second, that the "dollars" promised in these obligations, greenbacks and bonds alike, are the coined dollars of the mint.* We may fund our obligations over and over, but never until our creditors get these dollars, or what they accept as equivalent, can our debts be paid. Third, that it is desirable to pay off this debt, and reduce and stop the interest as rapidly as we can, for this is the only real and certain way to get rid of the expenses and taxes necessarily involved in their continuance. Ananias and his tribe constantly talk as if the Government grew *rich by going into debt*, and *the people* grew *prosperous by paying taxes to meet the interest.* There is nothing sillier than this, and but one thing more dishonest than the schemes built upon it, and that is open repudiation.

THE SIXTH CONSPIRACY—DEMONETIZING SILVER.

Ananias tells us that the mint and coinage act of February 12, 1873, had for its object the *demonetization of silver in order to produce a further contraction of the currency*, to prevent the payment of bonds, and to increase their value. If this was their purpose, the conspirators were but stupid blunderers, since they utterly failed as to each one of the alleged objects.

1. *Silver was not "demonetized."* The act expressly provided that *all standard silver dollars heretofore coined should continue to be full legal-tender money at their face value.* The act stopped the further coinage of these dollars, but it did not discredit those in existence. The act did establish the gold standard, discontinuing the old silver dollar, for the reason that *it was then worth $1.03 in gold, as stated on the floor of the House by Hon. William D. Kelley*, who was Chairman of the Coinage Committee, and hence one of the conspirators. The bills proposing to omit the silver dollar from the list of coins were before Congress for *three years*, were frequently under discussion, but *not one single member of either the House or Senate ever proposed to put or keep the standard silver dollar in the list of coins.*

But it was proposed to coin instead a dollar of 384 grains—the equal of a French five-franc. This was finally abandoned, and a new coin with a new name, a "trade dollar," of 420 grains, was substituted for export in the China and Japan trade. The silver dollar being worth more than the gold dollar, was worth more as bullion than as coin, and hence would not stay in circulation, but was sent abroad. Hence, in 1806, President Jefferson stopped their coinage, and *for thirty-five years the total number coined was 1,621.* And from the establishment of the mint, in 1793, to the passage of the act of 1873, the total number coined was only 8,031,238. The "dollar of the daddies" was therefore an exceedingly rare bird. It is true that after the passage of the act there was a great decline in the price of silver. *But this was not foreseen and no bi-metalist in Congress predicted any such result.* The objects of the act were to raise and systematize the mint and coinage laws, and to provide for the more extensive coinage of gold and silver, as one of the preparations for the resumption of specie payments. And these objects were effectually accomplished, while dropping one of the old coins was merely incidental.

ACT OF 1873 EXPANDED CURRENCY.

2. *This coinage act* did not contract the currency, but, on the contrary, *greatly expanded* it. The Director of the Mint estimates that the total of specie in the country at the time of the passage of this act was $140,000,000. Of this, $135,000,000 was gold and $5,000,000 was silver. The utmost contraction possible, therefore, if silver had been demonetized, was to drive out this $5,000,000. But during the four years that the dollar was omitted from the coinage there was coined of silver in our mints $75,096,024. An increase of silver money from five millions to eighty millions was not much of a contraction of the currency.

3. Neither did this act stop the payment of bonds or increase their value. From July 1, 1873, to July 1, 1893, the principal of our interest-bearing debt had been reduced $1,125,446,850, and our interest account $75,155,610 per year. As there are now outstanding only about one-third as many bonds, and they are drawing less than one-fourth as much interest, one would be justified in saying that the object of this act was to *increase the payment of bonds and the reduction of their value to the holder*—as indeed it was, in connection with other acts. If, as Ananias says, English capitalists paid an agent $500,000 to come to Washington and secure the passage of this act for the purposes named, they paid pretty dear for the whistle, and then failed entirely to get the whistle.

4. It is true that dropping the dollar from the list of coins proved to be unfortunate, but for reasons unforeseen when it was done and not for those given by Ananias. The concurrent change from silver to gold by Germany, the United States and other nations, the wonderful development of our silver mines, the great falling off in the demand for silver in the Indian and other Asiatic trade and similar causes so reduced the demand for the white metal that the market price rapidly declined. Our restoration of the standard dollar to the list of coins, immense purchases and coinage of silver under the Bland-Sherman act, and heroic efforts to restore the relative value of silver and gold have been in vain. We have been compelled to desist and to repeal the silver-purchasing laws. With a full and declared purpose of maintaining a currency of both metals we find ourselves unable to maintain a parity at the present legal ratio and go on with further coinage. *Nothing remains for us but to stop, to let the burden of this depreciation fall in part on other commercial nations also*, and to stand ready to assist in the recovery of the value of silver by an international agreement. We are a great and a rich nation, but we cannot alone bear the whole burden of silver depreciation. Our withdrawal from under the load is already being felt in Europe, and in the near future we may expect an agreement upon some plan of coöperation.

5. But what should Ananias and his tribe care for the demonetization of silver? Have they not declaimed against all metal money as an antiquated and expensive folly, asserting that to base paper money on specie was always to court disaster; that the material of money need have no value itself; that money was wholly the creature of law, and should consist entirely of Government notes having a full legal-tender power in the payment of debts, and receivable and payable for all public dues? Have they not told us that all that was necessary to make Government notes a perfect money was *the "fiat" of the Government declaring them to be so;* that all the redemption they needed was to be convertible into a three per cent. bond, and this bond in turn payable in these notes? *Here was a perfect financial perpetual motion, notes for bonds and bonds for notes, in eternal succession.* That the advocates of this scheme should denounce the demonetization of silver is sheer hypocrisy. If sincere, they would rejoice at it as a step in the right direction, and would demand the speedy demonetization of gold as well. The fact is that *all the Ananiases want is "cheap money."* If they can

only get trusted in buying farms, or food, or clothing, and then be permitted to pay 100 cents' worth of debts with seventy-five, or fifty, or thirty-five cents' worth of paper, they can be perfectly happy.

THE SEVENTH CONSPIRACY—RESUMPTION OF SPECIE PAYMENT.

The final "atrocity" charged against the conspirators was the act of January 24, 1875, providing for a resumption of specie payments on January 1, 1879. This, we are told, "could only exist by the destruction of the greenbacks and fractional currency upon which the people paid us interest," and the issue instead of additional bonds with interest added to the burden of "the debt-ridden people." Of course, Ananias does not condescend to give us figures from official sources to sustain these charges. Clippings from newspapers and vigorous denunciation are so much easier and more congenial. But let us patiently look at the facts.

1. On July 1, 1875, there were outstanding $37,904,570 of fractional currency. Of this amount there was still outstanding June 30, 1893, $6,900,504. Hence there has been retired about $31,000,000 of this currency. To replace this we have fractional silver outside the Treasury, $65,469,866, more than twice as much. On the first date there were outstanding greenbacks $349,686,335, on the last date $346,681,016, a loss of $7,726,992. But there was also a reduction of National bank note issues between those dates of $175,694,136, a total of $196,503,488. To replace this we have of Treasury notes, of gold and silver certificates, $572,189,020, and of gold coin and silver dollars outside the Treasury, $465,465,336.

In short, as Secretary Carlisle puts it, there was, *July 1, 1875*, a total circulation of all kinds of money, $754,101,947, *a per capita to the population of $17.16;* and on *July 1, 1893*, a total of $1,596,701,245, *a per capita of $23.85*. This does not include the $726,701,147 additional, which was in the Treasury. Besides, in 1875, the paper currency was worth 89 cents on the dollar, while it is now all worth 100 cents. The per capita has been increased $6.69, the actual money doubled, and the value of the paper increased 11 per cent. on the dollar. A fearful result of resumption, is it not?

2. To accomplish this result there were sold of bonds, $65,000,000 of 4½ per cent., $30,500,000 of 4 per cent., a total of $95,500,000, with an annual interest charge of $4,145,000. But the refunding and debt-paying process was going on, and the actual increase of the bonded debt was $74,967,400, and an actual reduction of the annual interest charge of $13,081,912. This was the immediate result, while the continuing result has already been given, in the reduced debt and interest, up to the dates shown in the last annual reports.

CONCLUSION—THE TRUE SITUATION.

1. On reviewing this little pamphlet every well-informed person is first astonished at the vast amount of lying which has been done in so little space; and next indignant at the vituperation heaped on those who, as officers of the Government, and lenders of money in its sore necessity, were engaged in saving the Nation's life; while *not one word* of condemnation is uttered *against those who brought about and took part in the Rebellion*—that Pandora's box of all the evils. Had knowledge informed the brain, and truth guided the pen, the "conspiracy" against the Union, which made the years of Buchanan's Administration one long preparation for secession and war, would have been properly exposed and denounced as the original fountain of all our financial woes. But no. Those who borrowed and those who lent the sinews of war are the only objects of misrepresentation and calumny.

2. Nor can it escape the attention of any intelligent reader, that while one financial measure of the Government after another is vilified as a conspiracy to rob and enslave the people, not a single alternate and better course is proposed. How to get the money necessary to carry on the war at less cost; how to pay off the public debt on better terms; how to restore the public credit without a return to specie payment, is not even

hinted at. The entire implication is, that the Government ought to have issued indefinite amounts of greenbacks without any provision whatever to pay them; that it should have taken no steps toward a return of specie payments, the restoration of the public credit, or the payment of the public debts. In short the only inference left us is that billions of Treasury notes should have been issued, *to die in the hands of the people*, and thus rob and impoverish them, without an effort to prevent it. Had this been attempted, the Rebellion would have been successful, the Confederate notes and bonds might have been paid, the United States would have ceased to exist, and its notes would have had the fate of those of the defunct Confederacy.

WHILE OTHER NATIONS MARVEL OUR ANANIASES CURSE.

3. While the heroic and successful efforts made by the United States to borrow sufficient money with which to carry on the war, and the equally heroic and successful efforts it has since made to pay its debts and retrieve its credit, have been *the marvel of other nations*, and have received *unstinted praise from the ablest statesmen of Europe*, our own Ananiases have not one word of commendation. Abuse and curses are heaped on our great leaders, because out of the surging maelstrom of war and debt they did not bring forth a financial paradise from which labor, poverty, and suffering were to be forever banished. And men and women who never owned a thousand dollars in their lives set themselves to find fault with those who obtained and distributed billions of dollars in the National cause. The world never saw a parallel of financial recovery equal to that exhibited by the United States. But to this the tribe of Ananias is oblivious.

4. Nor is one intimation given of the fact, or one word of praise bestowed, on that management of public affairs which has enabled the United States to develop its resources and increase its wealth, in spite of war, debt, and hostile party criticism, with unparalleled rapidity. In 1860, with a population of 31,443,321 we had a volume of wealth of $16,159,616,068, an average of $514 per head. In 1890, after all these convulsions and conspiracies, we have a population of 62,622,250, a volume of wealth of $65,037,091,197, showing a per capita of $1,039.

5. Nor can Ananias be induced to consider that the grand results indicated have been accomplished by a constant reduction in the extent and volume of taxation, equally marvelous in the eyes of other nations.

Under the stress of war, tariff taxes had to be levied on almost every article of foreign importation, regardless of whether it could or could not be produced at home. Under the McKinley law *55 per cent. of our imports came in free of duty, and the 45 per cent. which continued to pay duty were such as directly entered into competition with our own productions*. Under the stress of war, internal taxes were levied on almost all manufactures, professions, legal papers, incomes and other accessible sources of revenue. These have since been reduced again and again, until after the Republican legislation nothing remained but a tax on spirits, malt liquors, tobacco and oleomargarine—the latter rather to regulate the sale than for income.

By the acts of July 13, 1866, and March 7, 1867, the reduction of internal taxes from the schedule of the preceding year was $103,381,199. By the acts of February 3 and March 31, 1868, the reduction was $54,802,576. By the act of July 14, 1870, the reduction was $55,315,321; and from the tariff schedules, $26,054,748. By the act of December 21, 1871, internal revenue, $14,436,862. By the act of May 1, 1862, tea and coffee were transferred to the free list, a tariff reduction of $15,863,847. By the act of June 6, 1872, internal revenue $15,807,618, and tariff $15,278,915. By the act of March 3, 1883, internal revenue $40,677,682, and tariff $20,855,799. By the act of October 1, 1890 (McKinley law), internal revenue $10,327,878, and tariff $60,936,536 (*placing sugar on the free list*). These figures need no comment.

With reduced debt, interest, and taxation, such as is shown by the Treasury reports; with the immense development of our railroads, manufactures, and States beyond the Mississippi; with our increase of population, wealth, saving, and specie, the Ananias who can do no better than to become a "calamity howler" must simply be left "to perish in his own corruption," while this great Nation of ours pursues its onward and upward way.

MERCER ON COIN REDEMPTION FUND.

An Honest Dollar Needs no Apology.

SPEECH

OF

Hon. DAVID H. MERCER,

OF NEBRASKA,

IN THE

House of Representatives.

Thursday, February 13, 1896.

WASHINGTON, D. C.
1896.

MERCER ON COIN REDEMPTION FUND

An Honest Dollar Needs no Apology.

MR. MERCER said:

Mr. Speaker: I am opposed to the Senate substitute. So is the country. The eternal, never-ending discussion and agitation of the free coinage of silver question in the American Congress at this time is full of damage to our industries and to our growth. It gives unrest in business circles, and makes our credit a football in the marts of the world. How many times must the Senate pass a 16 to 1 proposition before realizing that the country is fully informed as to its opinion on that subject? Unless its zeal in this respect is soon abated I fear every motion to adjourn will be coupled with a free coinage amendment. It is talk, talk, talk, and the money thereby wasted would feed and clothe a million. If, instead, it would act, act, act, there would be less demand for an election of Senators by the people. Nothing can be accomplished for free coinage of silver this Congress; then why agitate the question?

The great conventions will soon assemble and the nominees thereof can go before the country on this proposition and allow the people to decide it at the polls. Such a course would be true economy. If the act of 1873 was a mistake—and upon that proposition people may honestly differ—how can we rectify the mistake, if it was a mistake, at this late day by returning to the financial condition existing prior to the passage of that act? Certainly not by passing this substitute; certainly not by reenacting the law which was repealed by the act of 1873. Why? Because conditions—and conditions over which we as a Government have no control—have radically changed. When we passed the act of 1873 many of the leading powers of the world followed us with similar legislation, and a revolution in finance the world over ensued. Would it not be a dangerous experiment for this country to retrace its steps and re-establish a financial system which existed prior to 1873 without the company of the same influence which joined us in our original course? I think so, sir, and I believe the experiment would be fraught with much danger.

AN ILLUSTRATION IN POINT.

An illustration in mind would not be out of place at this time. A few years ago a conductor on a motor line in the city of Omaha, and, by the way, we have the best system of electric street railways in the world in our city, was injured by a collision of cars, his right leg being badly crushed. An inexperienced physician who happened to be near took charge of the case and advised amputation. He had just finished the operation when a skillful surgeon arrived. In a moment he saw that a blunder had been committed, and he roundly abused the physician for unnecessarily sacrificing the man's leg; but that did no good. The leg could not be returned to its place. So it is with the act of 1873; if a mistake then, its restoration is an impossibility now, for every change in the financial world since that time is against such a course. I am a bimetallist, a sincere bimetallist, and not a silver monometallist, and I believe that until the great commercial nations of the earth meet in harmony upon a proposition to increase the mintage of silver, America will not be justified in taking such a step alone.

In my opinion, free coinage of silver by this country alone and unaided, in the face of affairs elsewhere, would drive us to a silver basis so rapidly that we could not exchange our property in time to avert bankruptcy. I live west of the Missouri River, and, for one, deny that that stream is the dividing line in America between sound finance and inflation, between the payment of honest obligations and repudiation. Nebraska is the great agricultural State of the Union. Her people rank first in point of intelligence in the country, and although now and then a crevice is made in her stability through which crawls and squeaks a man apparently anxious and willing to discredit her at home and disgrace her abroad, such misfortune is only temporary, for the sober second thought of her broad-minded, patriotic people soon reasserts itself and her reputation for protection, sound money and stalwart Republicanism is again intact.

FREE COINAGE IN PRACTICAL OPERATION.

There was a time when I could be intimidated by the orator who asserted with so much vehemence that 900,000,000 silver-using people—free-coinage-of-silver people, if you please—were demanding that we join them, both in the practice and demand, and to heed not was to lose their trade and treasure; but since I have had the opportunity to visit China, where reside 400,000,000 of these people, and to touch at India, where we find 300,000,000 more, and knowing from equally reliable authority that the remaining 200,000,000 is made up of people similar in kind to the 700,000,000 referred to, much of the scare has vanished. To cite China's system of finance as a proof of anything but imbecility is an insult to intelligence. China has no system of finance, and her money is of as many kinds as Joseph's coat had colors. It is true there is a mint at Canton, and it issues a silver dollar, a dollar of equal fineness and intrinsic value to the Mexican dollar, intrinsically worth more than the American dollar, but in the markets of China, as well as in the markets of the world, only worth an American 50-cent piece, and it is so much discredited at home that it no sooner finds a lodgment in the hands of a native than a hole is punctured through it to test its genuineness.

FINANCIAL MISERY IN CHINA.

It is suspected at home and discounted abroad, and has so little circulation that it is a stranger to nine-tenths of the Empire. I repeat, China has no monetary system. In each of the nineteen provinces there is a medium of exchange peculiar to the people and customs, and oftentimes the wants and necessities are so limited that the people waive the use of any medium of exchange. In one province we find silver, pure silver, serving as a medium of exchange, and an old pair of scissors does the mintage. Again, bits of opium serve the same purpose, while in a third pelts and hides take the place of money. In the Hankow district, some distance back from the Yangtse River, tea is compressed into small blocks or bricks, especially adapted to the Russian market, and known as brick tea, and this serves as money, while in other parts of China the small brass coin carried down through the ages, and known as "cash," is the only coin recognized and receivable as money, and even it fluctuates in value, ranging from 1300 to 1800 of them to equal a tael, or $1.25 in Mexican money.

Then, again, thousands of Chinese live like the beasts of the field and fowls of the air, on nature; simply exist and have no more use for coin or commerce than did Adam and Eve in the Garden of Eden. In the seaport cities of China, the large cities, we find banks, generally managed by English capital and after a system common in other commercial centres, save that the currency issued is of uncertain value the minute it leaves the city limits of its place of birth. For example, the great Hongkong-Shanghi Bank, doing business at Hongkong, Amoy, Shanghai, and other cities in China, India and Japan, issues paper currency—a promise to pay; and although this great banking concern is doing business in several cities, the issue of one bank is discounted by any other to which it may be presented, while its silver currency has only bullion value and is subject to the fluctuations of the London market twice a day. As I traveled from city to city I was exceedingly careful not to draw on my letter of credit for any more money than I needed in the different places visited for fear that I might be oversupplied with a coin or currency which would be subject to excessive discounts at the next abiding place. If such be free coinage of silver I will have none of it.

JAPAN WILL DEMONETIZE SILVER.

What is true of China applies to India and other countries similarly situated. In Japan we find a monetary system, a system national in character, but so full of uncertainties that one is reminded of the wildcat banking days of America. Values in money and property fluctuate daily, and prices on the London market govern all kinds of trade. Japan is the England of the Orient in many respects, and she will not much longer be satisfied with a financial system unstable, uncertain and insecure while advancing so rapidly in science, manufactures and the arts. She will soon demonetize silver. Some of her leading statesmen advocate the step to-day, and when this occurs she will command the trade of the Orient and threaten that to the East and West, even unto the circling of the globe. In doing so she is simply repeating history—that in the ratio which a country keeps pace with the commerce and growth of the great progressive powers, in the same ratio she approaches the demonetization of silver to such an extent that bimetallism and not silver monometallism prevails.

Japan has already begun her attack upon high wages and well-paid labor, and whether she is on a silver or gold basis there will be little difference in the injury inflicted upon the commerce and industries of Europe and America. The productions of Oriental labor, under the superior guardianship of ambitious Japan, are in the markets of the world to stay, and the competition will increase in violence with the lapse of time, unless some restrictions are originated and enforced. The result of the war between China and Japan has only enlarged this field of danger, for the latter country intends introducing modern methods among the Chinese, and as a race they can vie with the Japanese in any contention the moment their supreme egotism is destroyed.

GREAT BRITAIN WILL PRACTICE PROTECTION.

Already Great Britain, France and Germany have felt the effect of this influence in their Oriental trade, and I prophesy here and now that England will soon be compelled to both preach and practice protection on that account.

Japan is smaller in area than California, but her poulation numbers 43,000,000 of the busiest people on earth. Men, women and children, from early morn until late at night, incessantly work, work, work, and they can imitate any device contrived by human hands. Most of them labor for 10 cents a day and save money. The difference in exchange does not give them an advantage over America, which could be remedied by financial legislation here or elsewhere. The only cure is a high protective tariff and restricted immigration. To-day China and Japan take our gold in exchange for commodities and deliver it to England. In 1895 this farce was carried to such an extent that the balance of trade between America and these countries was in their favor over $40,000,000. Protection and reciprocity is the only remedy for this unfortunate financial tangle.

This leads me to the true solution of our present financial evil, sir, and that is that the money question in America will take care of itself if we will only settle the tariff question along strong protective lines. Prior to the election of 1892 we heard nothing about a diminishing reserve. In those day confidence was abroad in the land and capital and labor were freely employed. The reserve received no thought, it created no fear, for this country was so governed as to make its receipts equal and exceed its expenditures. Our Republican policy attracted gold and built up a trade whereby the balances were in our favor. Had the American people not wandered after strange gods in 1892 we would still be enjoying the good times of the Harrison Administration. We have learned a valuable lesson, one not to be forgotten during the next generation at least.

FREE TRADE TALK DISORGANIZED PROSPERITY.

We now realize that protection protects and free trade disorganizes, and the sooner we return to Republican men and measures the sooner will this great country recover from the sad plight into which it has been plunged by a party which is full of wisdom in defeat but full of blunders in victory. The advent of Democracy meant death to protection, and when such a calamity became an assured fact confidence was shaken, capital retreated behind bank vaults and into sundry hiding places, and business languished—aye, became paralyzed and bankrupt. All this did not result because there was not money enough in the country for business purposes. The free-coinage advocate always assigns this as one of the reasons why the mints should be opened to the free and unlimited coinage of silver at the ratio of 16 to 1, and perhaps with some effect prior to the remarkable expose of its fraudulency a few days ago, when almost $600,000,000 in gold was offered for $100,000,000 in bonds, and most of it by the patriotic American people.

This outburst of American confidence in American institutions and American credit has not only astounded and surprised the financial world, but it makes us the cynosure of the bankers and investors of the civilized globe. Let us hope that it is the first sign of a returning confidence which always holds sway under Republican Administrations, and that it sounds the death knell to financial heresies in this Republic. I hear it said that we do not have sufficient money in the country to transact our business Why, sir, it is not so much a question of the amount of money as it is a question of quality and circulation. I glory in the fact that our currency is as stable as the Rock of Ages—worth an hundred cents on every dollar, and nothing calls it from its hiding place so quickly as an intimation that the country will soon be in the control of the Republican party, a party of bookkeeping and business. Restore confidence and money will circulate; restore confidence and business will revive; restore confidence and prosperity will once more reign over a contented and happy people. Free coinage of silver by America alone will not restore confidence, neither will it restore silver to that ideal realm so often pictured by the enthusiast. Such a step means silver monometallism, and silver monometallism means Mexicanization. God forbid that we should come to that.

FREE COINAGE WILL GET NO FOOTHOLD HERE.

If we were living the life of the American Indian prior to the time he was discovered by Columbus, our law of coinage as well as our law of commerce would not concern us. We would have no use for either. But we have outlived that condition in life. We are a great commercial nation, rich in everything under the sun, and we seek a business intercourse with all nations, all people. We desire that we shall not be second to any power on the face of the globe in business, in civilization, in peace, or in war. We want our currency to be the peer, at least, of any which circulates, and if there is to be a "best," we claim that distinction. Free coinage of silver may do for China, but it will never gain a foothold in America under present conditions. Without it, we will soon lead England in finance, and America will be the clearing house of the world; with it we will furnish an apology with each 50-cent dollar

In conclusion, allow me to say that the American people, irrespective of party, are a patriotic, God-fearing people, anxious to do right, and full of confidence in the public servant empowered to represent them. If that servant proves honest, conscientious, and courageous in the discharge of his duties, he will receive the commendation and good will of his constituency, although at times he seems to run counter to its opinions and beliefs. The gentleman from Missouri (Mr. Hall) gave utterance to information that has been of common knowledge on the floor of this House for some time, that there are members of the Senate and House who are at heart and head opposed to free coinage of silver, but through fear of a frowning constituency subvert their own views and the best interests of the public by voicing and voting in such a manner as to be most pleasing to a suffrage they are supposed to represent.

AGITATION FOR THE ATTAINMENT OF THE IMPOSSIBLE.

The Senate has not met the expectations of the country in returning to us a substitute hardly germane to the proposition sent it from the House. If that body desires to inflict upon this country such a law, let it boldly and manfully pass an original bill to that effect and not use it as a rider upon every conceivable bill that may stand a chance of passage. The Senate well knew that this House would not agree to the substitute; it knew that President Cleveland would veto such a measure if passed to him, yet in spite of such knowledge the country must be agitated and convulsed by needless attempts at the impossible.

I shudder at the consequences of a deadlock, fraught with so much danger. I see in it no legislation of benefit to the masses. The President insists upon free trade and the single gold standard; the Senate has no ear, no voice, no vote for any measure not looking toward the free coinage of silver at the ratio of 16 to 1, while the House of Representatives, with its large Republican majority fresh from the people, asserts itself in favor of saving the country from bankruptcy and against silver monometallism. The situation is indeed a grave one. A deficiency of many millions still stares us in the face, and no sign of its removal. The House has expressed a desire and intention to remedy the evil in part by passing a revenue bill which even its enemies admit would yield the Government $40,000,000 annually; yet because it does not also provide for the free and unlimited coinage of silver it is spurned and spit upon by the Senate, through a majority made up of Populists, Democrats, and erring Republicans.

A REPUBLICAN TARIFF MEASURE DESIRED.

I believe the people of America desire that we should expunge from the statute books the Wilson bill and restore in its place a Republican tariff measure, rich in protection, and then crown it with reciprocity; that we should take some steps toward securing an international monetary congress in the interest of silver; pass a bankruptcy bill, for this Administration has made such legislation a necessity; give to the country such remedial legislation as its urgent necessities demand; improve our immigration laws; enunciate as a Republican measure a vigorous foreign policy; pass the general appropriation bills, and then notify the President, the Senate, and the country that we are ready to adjourn. Upon such a record the Republican party could go to the country with the hope of receiving the glad tidings: "Well done, thou good and faithful servant."

The only hope for such a consummation is a Republican victory, complete and overwhelming, in November. The responsibility now rests with the people. If they do their full duty, I have some hopes of a national salvation; if they shirk, the slough of despond and misery will only increase in area.

REED ON THE TARIFF.

SPEECH

OF

HON. THOMAS B. REED,

OF MAINE.

IN THE

HOUSE OF REPRESENTATIVES,

Thursday, February 1, 1894.

WASHINGTON, D. C.
1896.

REED ON THE TARIFF.

SPEECH

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IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 1, 1894.

The House having under consideration the bill (H. R. 4864) to reduce taxation, to provide revenue for the Government, and for other purposes—

The SPEAKER. Under the order of the House, the bill is now open for debate for three hours, and the Chair recognizes the gentleman from Maine (Mr. Reed). (Prolonged applause on the floor and in the galleries.)

Mr. REED said:

Mr. Speaker, in this debate, which has extended over many weeks, one remarkable result has already been reached, a result of the deepest importance to this country. That result is that the bill before us is odious to both sides of the House. It meets with favor nowhere, and commands the respect of neither party. On this side we believe that while it pretends to be for protection it does not afford it, and on the other side they believe that while it looks toward free trade it does not accomplish it.

Those who will vote against this bill will do so because it opens our markets to the destructive competition of foreigners, and those who vote for it do it with the reservation that they will instantly devote themselves to a new crusade against whatever barriers are left.

Whatever speeches have been made in defense of the bill on the other side, whether by gentlemen who are responsible only to their own constituencies or by the gentleman from West Virginia, who ought to have been steadied by his sense of responsibility to the whole country, have one and all, with but rare exceptions, placed their authors uncompromisingly, except for temporary purposes, on the side of unrestricted free trade.

WILSON BILL DEFENDED ON PRINCIPLES OF FREE TRADE.

It is evident that there is no ground for that hope entertained by so many moderate men that this bill, bad as it is, could be a resting place where our manufacturing and productive industries, such as may survive, can re-establish themselves and have a sure foundation for the future, free from party bickering and party strife. Hence, also, there can be no foundation for that cry, so insidiously raised, that this bill should be passed at once, because uncertainty is worse than any bill can possibly be. Were that bill to pass both branches today, uncertainty would reign just the same.

This result was inevitable. Although this bill professed to open to the manufacturers a new era of prosperity and professed to be made in the interest of some of them, the moment it came to be defended on this floor the great bulk of it could not be defended on any other ground than the principles of free trade. Hence, in this discussion, the precise terms of this proposed act count for nothing, and we are left to the discussion of the principles which underlie the whole question. That question may not be decided here and now upon these principles, but the ultimate decision by the people can have no other foundation.

After this statement it would be entirely natural that a feeling of weariness should come over this audience, for if anything seems to have been discussed until human nature can bear it no more it is the tariff. Nevertheless the fact that the subject is still before the people shows that the last word has not yet been said and that the subject has not yet been exhausted or understood.

The history of protection has been most remarkable. Fifty years ago the question seemed to be closed. Great Britain had adopted free trade, the United States had started in the same direction, and the whole world seemed about to follow. To-day the entire situation seems to be reversed. The whole civilized world except Great Britain has become protectionist, and the very year last passed has witnessed the desertion of English principles by the last English colony which held out. This has been done in defiance of the opinions of every political economist in England who wrote prior to 1850, and of most of those who have written since.

When you add to this that the arguments against it have seemed so clear and simple that every school boy can comprehend them and every patriot with suitable lungs could fill the atmosphere with the catchwords (laughter), the wonder increases that in every country it should still flourish and maintain its vigor. Ten years ago it was equally true at one and the same time that every boy who graduated from college graduated a free trader and that every one of them who afterward became a producer or distributer of our goods became also a protectionist.

THE WHOLE RACE WISER THAN ONE MAN.

The arguments of the political economists, clear as crystal, do not seem to have convinced the world, nor, what is much worse, do they seem to have made any substantial progress. On the contrary, these economists have taken up the task of tearing each other to pieces, so that to-day there is hardly a nameable important proposition on which they agree, and the more the facts of the universe are developed the more confusion seems to reign among them. Meanwhile the world has proceeded in its own way without much regard for their theories and their wisdom. I do not mean that studious men have not discovered great truths and had glimpses of still greater, but in the main they have only passed from one inaccuracy to another, because they have forgotten that the whole race is wiser than any man. (Applause).

You and I, Mr. Speaker, cannot hope to do much better than these famous men, except so far as we view with tolerance what great masses of our fellowmen are doing and assume that they are probably right instead of assuming that they are probably wrong in matters which so deeply concern them.

It is often said that the truth is the simplest. That is so, after you understand the truth, but when you do not a lie is far simpler. (Laughter). When

Copernicus discovered the theory of the universe it took centuries for men to believe it. The Ptolemaic system was so simple that anybody by using his eyes could see that the sun rose in the East and set in the West, just like the moon, and both in the same way revolved around the earth, and to-day most men accept the Copernican theory, not on their own understanding, but on the general belief of mankind.

I shall not, therefore, in what I have to say, be able—being, as I hope on the side of truth—to rival the charming simplicity of the gentlemen opposite, or like them, to compress the universe into the nutshell of a speech. I regret this the less because I know that many a philosopher has put the world into a nutshell only to find that the nutshell contained a world in which nobody ever lived, or moved, or had his being, and consequently a world which was of no human account.

THIRTY YEARS OF PROTECTION.

I shall not attempt to deal much with the metaphysics of this discussion or to cite statistics which have no meaning except to the student, and so often mislead even him. I shall for the most part confine myself to large facts which are known of all, or can be ascertained in the simplest possible way.

Whether the universal sentiment in favor of protection as applied to every country is sound or not I do not stop to discuss. Whether it is best for the United States of America alone concerns me now, and the first thing I have to say is that after thirty years of protection, undisturbed by any serious menace of free trade, up to the very year now last past, this country was the greatest and most flourishing nation on the face of the earth. (Loud applause on the Republican side). Moreover, with the shadow of this unjustifiable bill resting cold upon it, with mills closed, with hundreds of thousands of men unemployed, industry at a standstill, and prospects before it more gloomy than ever marked its history—except one—this country is still the greatest and the richest that the sun shines on, or ever did shine on. (Renewed applause).

During that period of growth which lifted us from a position so low that we actually had human slavery within our borders to our present condition of freedom and prosperity, we struggled through a dreadful war which desolated one-half of the country and so strained the resources of the other half, both in money and in men, that its impress to-day is visible every year on our tremendous pension roll, although almost obliterated from our public debt. After the war ceased our prosperity was clouded with a six years' struggle with a disordered currency and the reconstruction of labor and industry in the South. No nation in the world's history ever passed through in so short a time two ordeals so trying and so severe.

In spite of both these misfortunes not only have we studded the country east of the Mississippi all over with mills and workshops, factories and furnaces, covered it with railroads, exploited the oil and gas fields of Pennsylvania, Indiana and Ohio, and turned into light, heat and production the fierce, imprisoned energy of a thousand mines of coal, but beyond the Mississippi, that mighty country which some day will astonish the world with its exceeding riches, we have built four great trans-continental lines across the Rocky Mountains, and have driven the great American desert off the maps and off the face of the earth. (Applause).

OUR RESOURCES NOT EXHAUSTED.

Nor have we in any way exhausted the future. This country is ten times more capable to-day of further development than it was in 1860. Let me state one little item—sample of a thousand. Only last year, at Rumford, in my own

State, was brought under harness waterfalls, which will give to the productive energies of this country 40,000 horse-power for every day in the year. Three hundred and fifty thousand just such horse-power runs to waste every day in New England alone. Whenever our citizens are rich enough to employ these great resources my hope is that they will be rich enough to consume their products themselves.

So utterly undisputed and so distinctly visible to every human being in this audience has been our growth and progress that this hasty outline is all that is needed to remind you of one great fact, that whatever the future industrial system of this country may be, the past system is a splendid monument to that series of successful statesmen who found the country bankrupt and distracted, and left it first on the list of nations.

But we must not leave this matter to our own praises. Let others speak, and above all the citizens of that land which is our great rival, at whose feet American statesmanship in this House now sits.

I have here an article in the Fortnightly Review, wherein Mr. J. Stephen Jeans, a British free-trader writer, in December, 1892, declares that—

> America has for many years enjoyed an amazing degree of prosperity, so much so indeed that to use the eloquent words of Edmund Burke "generalties which in all other cases are apt to heighten and raise the subject have here a tendency to sink it. Fiction lags after truth, invention is unfruitful, and imagination cold and barren.

When I read these words I recalled a scene in this House, and said how differently men look at the same things.

VIEWS OF A COOL-BLOODED ENGLISHMAN.

Here is a cool-blooded Englishman, who, in talking of the "not unreasonable hopes"—I use his very words—which his countrymen entertain, "that the greatest market in the world and probably in the world's history is once again to be found lying at the feet of British industry and commerce," declares that "America has for many years enjoyed an amazing degree of prosperity, so much so, indeed," that he has, to use the words of Burke to say that he cannot even describe it. And yet, in this very Hall a member of the Committee of Ways and Means, himself a countryman of Edmund Burke and whose wonderful eloquence moved this assembly as I never saw it moved before, allowed himself, amid "laughter and applause on the Democratic side," to compare this amazing prosperity to a "prolonged debauch," from which the country could rescue itself only by the free use of the committee's dilution of the original beverage. (Laughter.) It seems, somehow, almost a desecration to put the facts over against the figure of speech.

Here is a little book of letters of an editor, Mr. Carr, of the Cardiff Mail, to his wife. It is full of expressions of surprise over this "wonderful country," "phenomenal prosperity," "extent and strength of the enormous interests created by the American policy of protection."

Only last November Mr. W. H. Mitchell, an English lecturer, fresh from a three months' visit to our country, addressed the Textile Society of Bradford, England. He was here in the interest of trade. Hence what he had to say smacks of trade.

The importance—

Says he—

> of America as a trade outlet was very obvious. It had 65,000,000 people who spent more money on dress than any other people on the face of the earth. Again, in spite of the wonderful development which had taken place, the possibilities, he might say the certainties, of future progress were marvelously illimitable.

"Marvelously illimitable." These were his very words. How the mouths of the Textile Society of Bradford must have watered as he detailed to them the hopes he had that such fruitage would be lifted to their very lips. (Laughter). But of that, by and by.

Without further quotation, unnecessary for this audience, for whom all that a foreigner can say is but a reminder, it only remains to ask if all this prosperity has been at the expense of the laboring man, of those who furnish service whether of brain or muscle. If it has been at their expense, for one I say down with it. The lowest depths of the Wilson bill are not half low enough for such a civilization.

PROSPERITY OF THE PEOPLE.'

That, however, can hardly be so from the testimony itself. "Sixty-five millions of people, who spend more money on dress than any other people" on earth, and whose "certainties" of progress in that direction are "marvelously illimitable," have evidently not been sacrificed to the Moloch of accumulated wealth.

Editor Carr, already quoted, says this country "is the paradise of the workingman." All the bigotry of free trade cannot wipe that out.

> The further my inquiries extend—

Says he—

> the more convinced I become that the real truth of the matter is that in this country a workman earns twice as much as he would in England, and the cost of his living, except in the matter of rent and clothing, is about the same. Even in the matter of clothing the difference is not great, except as it is brought about by the general use of much better clothing.

Says Mr. Francis Walker in substance, for I quote only from memory, and from a newspaper at that, "If the workman of America would be content with the meagre life beyond seas he could save two-thirds of his entire wages."

These quotations, also, are only reminders for you, Mr. Speaker, and all who hear me know that the American who has been long enough here to know his opportunities has found the best place for wages in the world.

Lest anyone might doubt the condition of our laborer, and knowing that to many men the declaration of a tariff reformer imports absolute verity, I cite my eloquent associate on the committee, the gentleman from New York. It is not from his speech on the tariff, but from the speech made while the Democracy were assuring the country that the repeal of the silver act was all that stood between them and prosperity. (Laughter.)

DEMOCRATIC EVIDENCE QUOTED.

> I hold here in my hand the Aldrich report, which comes to me with the approval of the distinguished Secretary of the Treasury, and which emanates from a Democratic Bureau of Statistics. The accuracy of its figures has never been impugned; and it shows that never in the history of human civilization have wages been so high, measured by gold. (Applause.)

Lest there should be any doubt as to the application of all this to our own workingmen, I cite again:

> Through long strikes and suffering and woe labor has improved its condition in this country until, by the figures of this Aldrich committee, we find that it enjoys to-day the largest proportion of that which it produces that it has ever enjoyed in the history of the world.

We may safely assume, then, Mr. Speaker, that a country which has become in the last thirty years the "richest country in the world," to quote Mr. Jeans again, a country which during all that period was a "paradise for laboring men," does not need to try any dubious experiments. A good thing in this world of disappointments is not to be lightly left. A better thing we should desert with still more reluctance, and nobody but a misguided man would leave the best thing ever known in the history of the universe unless he had such a glimpse of the future as would place him securely among the profits and not land him among those unhappy martyrs whose blood is the seed of no church. (Laughter.)

What are the reasons why any change of principle should be had?

Of course, we are not to change the history of the last thirty years and the principles of a hundred years, because some gentlemen specially gifted with sonorous voices have distributed epithets. (Laughter.) We are not going to risk our all upon fragments of ancient platform speeches, upon loud outcries and abusive language.

There must be addressed to us some solid arguments, or at least the opinions of wise men who have proved their wisdom by the actual test of human life. Surely we are not going to venture into the unknown because political econonmists bid us do so while they still leave unproved every principle upon which they found their advice. So long as they cannot agree among themselves on any of their propositions, they cannot be cited as a body to force our conclusions. On no trackless future will we venture unless the prospect of increased happiness is large enough to justify risk and exposure.

Is there any example in the history of the world of any nation situated like ours who has taken the step to which we are invited?

THE HISTORY OF ENGLISH FREE TRADE.

Some gentlemen, perhaps, are hastening to say that England affords us the needed example; that we have but to turn to her history and find all that we need by way of examples, just as in the statements of her political economists we shall find all that is necessary for advice, for guidance and instruction. Mr. Speaker, I have looked there, and I am amazed to find how little the example of England can teach.

According to the usual story that is told, England had been engaged in a long and vain struggle with the demon o protection, and had been year after year sinking further into the depths until at a moment when she was in her deepest distress and saddest plight, her manufacturing system broken down, "protection having destroyed home trade by reducing," as Mr. Atkinson says, "the entire population to beggary, destitution and want," Mr. Cobden and his friends providentially appeared, and after a hard struggle, established a principle for all time and for all the world, and straightway England enjoyed the sum of human happiness. Hence all good nations should do as England has done and be happy ever after. (Laughter).

This fairy tale has not the slightest resemblance to history. England, after three centuries of stationary life, during which the wages of its laborers remained without change, at the beginning of this century began to feel the pulses of a new life. Wages then commenced to rise, and in 1840 were 80 per cent. higher in money than in 1800, and, measured by purchasing power, were 90 per cent. higher than ever before. Coming as this did, right after three centuries of stagnation, it showed the great power of two things, protection and the establishment of the factory system. For England was enormously protected, not only by duties such as we have, but by the laws which forbade the exportation of machinery, whereby she obtained or sought to obtain a monopoly of steam-driven methods.

THE INVENTION OF JAMES WATT.

It had so happened that England's development, owing to her insular position and her early efforts to obtain the results of skill which caused her to import Flemish weavers, to receive the Huguenots driven out of France, to welcome workers from everywhere, and in every way to encourage manufactures, had reached such a point that the invention of the steam engine was in her grasp and possible to her alone. Whoever has examined, even in the most cursory way, the history of the long line of inventions which culminated in the steam engine of James Watt cannot fail to be satisfied that the condition of England at that period led to that line of invention, and that nothing else could. With the steam engine and the factory system England could so utilize human labor that no nation in the world could compete with her, no matter what the wages were, until the invention passed her borders.

Unfortunately, England at that time and for years afterward had no conception of its duty to its workingmen. The only limit of work was human strength. It took the fiercest struggle to get slight remission of labor even for children. Shorter hours of labor were scorned, not only by Cobden and Bright, but by every political economist of England, even down to 1883, when Bonamy Price denounced shorter hours of labor as a "repudiation of the great doctrine of free trade." The sole idea of the political economist of that class has always been as low wages as possible, as long hours as could be, and a product of as cheap a price as possible.

England also was a country where in the main the raw materials were scanty and few in number. Even the raw material of labor, wheat and other breadstuffs, could not be produced within her borders in sufficient amount for the consumption of her workers. Naturally enough her theory of low prices for labor prevented a reasonable division of the tremendous increase of production caused by the steam engine, and restricted her own market, and in 1840 she found herself in manufactures entirely ahead of her consumption. Her manufactures had grown out of proportion and could no longer subsist on English patronage alone. The workmen were pressing them for that regular increase of wages which I shall by and by show to be the natural progress of civilization, and therefore manufactures commenced their agitation against the corn laws which resulted in their repeal.

REPEAL OF THE CORN LAWS.

Was that crusade the same as is waged here to-day? Are the gentlemen of the Ways and Means Committee legitimate successors of Bright and Cobden and the Anti-Corn Law League? Not the least in the world. That was a fight by the manufacturers. This is a fight against the manufacturers. The manufacturers then desired no protection whatever. Turn over this big volume of Cobden's Speeches until you come to the twentieth speech, seven years after he began; you will find hardly one allusion to protective duties to manufacturers, and even in the twentieth speech they are only alluded to to reiterate the declaration made in 1838, when the Corn Law League began, that all duties were to be abolished so as to make food cheaper. (Applause on the Democratic side.) I am glad to see that my Democratic friends recognize a bit of truth, but I am afraid it is by mistake. It so happens, Mr. Speaker, the corn laws were not, as these Democrats in their ignorance imagine, for the protection of the farmer. (Laughter.) What Cobden was fighting was an odious law enacted to enhance the price of bread, not for the benefit of the farmer, but of the aristocratic owner of land. Workingmen were clamoring for increase of pay. The manufacturers knew that decrease of the price of wheat was the equivalent of higher pay. Men do not work for money; they work for money's worth.

I have said the corn law was an odious law. It was more than that. In its workings it deprived the poor of food and put the enhanced price into the pockets of those who toiled not nor spun. Had that enhanced price gone to the farmers and farm laborers, it might have been defended to-day on the ground that it was a fair means of distribution among the farmers of their share of the wonderful gains of the earlier manufacturing. But as it was, no more unjust law was ever attacked. Meantime what was the attitude of the manufacturers as to their own protective duties? Why, by the aid of these protective duties and the inventions they led to, they had grown so powerful, had machinery so superior, and the factory system so firmly established they could hold their own markets, beyond clamor or dispute, with duties or without. No nation with capital as great and machinery as useful and productive, and wages of skilled workmen lower by more than one-third, hung threatening over her border. Her machinery was so superior that even the low wages of other countries could not affect her.

MOTIVE OF FREE TRADE IN ENGLAND.

Not only were these manufacturers in condition to permit the duties to be taken off, but they knew it themselves. Not only did they know it but they avowed it; not in a corner, but to Parliament itself.

I have here Hansard for February 8, 1842 (volume 60, page 133), where the Marquis of Lansdowne presents the petition of the woolen manufacturers of England, asking that all duties be abolished, including their own, but especially the corn laws. On page 137, of the same volume, Lord Brougham declared that prior to that time he had "laid upon the table a petition from persons authorized by all the great manufacturing bodies of the Kingdom. They prayed for the repeal of every duty levied under the pretense of protection." I am using the very language of Lord Brougham. This, then, was a fight made by the manufacturers for the manufacturers against the aristocratic land-owners over the question of cheap food in an island that could not produce a supply for its workingmen.

The men who made the fight were not philanthropists or saints. They were good, honest, selfish men, struggling for their own interests and never lost sight of them. Down to their latest day they resisted lesser hours of labor, and were deaf to all improvements which led to the elevation of the working classes. They held firmly to the doctrine that "as wages fall profits rise."

To sum this all up, England when she became free trade was a workshop wherein was manufactured the raw material of the rest of the world. Of raw material she herself had none. Her coal and iron and the invention of the steam engine had developed her manufactures so out of proportion to the wages of the workmen that she must have a larger market. At that time the only idea of a larger market was one that had more consumers. The notion that the market could be enlarged by those who were already consumers had not entered into the popular thought, yet her workmen were clamoring for more pay. Tariff had really ceased to be a protection except on corn, and not on that in any true protective sense. It was only a tax like that on sugar. It made food dear. Repeal of the corn laws meant an increase of real wages. Repeal of tariff on manufactures meant nothing. The whole crusade of 1840 was for free food, and Cobden nowhere says anything else. Protection in our modern sense, is never mentioned in any one of his free trade speeches.

ENGLAND'S CHANGE OF POLICY NO PARALLEL.

After this review of the story of England's change, will any man dare to say that he finds therein any justification for the present deed of violence which is called the Wilson bill?

Suppose England, instead of being a little island in the sea, had been the half of a great continent full of raw material, capable of an internal commerce which would rival the commerce of all the rest of the world.

Suppose every year new millions were flocking to her shores and every one of those new millions in a few years, as soon as they tasted the delights of a broader life, would become as great a consumer as any one of her own people.

Suppose that these millions and the 70,000,000 already gathered under the folds of her flag were every year demanding and receiving a higher wage and therefore broadening her market as fast as her machinery could furnish production. Suppose she had produced cheap food beyond all her wants and that her laborers had spent so much money that whether wheat was 90 cents a bushel or twice that sum hardly entered the thoughts of one of them except when some Democratic tariff bill was paralyzing his business.

Suppose that she was not only but a cannon's shot from France, but that every country in Europe had been brought as near to her as Baltimore is to Washington, for that is what cheap ocean freights mean between us and the European producers. Suppose all those countries had her machinery, her skilled workmen, her industrial system and labor 40 per cent cheaper. Suppose under that state of facts, with all her manufacturers proclaiming against it, frantic in their disapproval, England had been called upon by Cobden to make the plunge into free trade, would she have done it? Not if Cobden had been backed by the Angelic Host. History gives England credit for great sense. (Laughter and applause.)

SOME INCAUTIOUS TRUTHS FROM ENGLISHMEN.

While our wiseacres are reading British books of 40 years ago with the emotions of great discoverers, what do the English themselves say about the actual facts? They come here in shoals. Naturally they do not like our system; but for it they could do our manufacturing for us. Nevertheless, prejudiced and prepossessed as they are, they are startled into some incautious truths. Says Mr. Jeans, whom I have already quoted about the "amazing prosperity" of the United States:

> It requires, I think, unusual temerity to allege that the tariff system of the United States has been a failure for that country.

What a prejudiced English free trader regards as "unusual temerity," and which he might have called unexampled rashness, is not only exhibited by our Committee of Ways and Means, but by every gentleman who can recite Sidney Smith's discourse on the taxed Englishman under the impression that he is delivering an original speech. Mr. Carr, too, remarks the strange phenomena.

> I am—

Says he—

> —a convinced free trader. Protection is to me an economical heresy, the fraud and folly of which—

How like one of our own dear Southern statesmen he sounds—(Laughter).

> the fraud and folly of which are capable of mathematical demonstration. * * * And yet throughout the length and breadth of this vast continent one is almost daily brought face to face with solid, indisputable facts that seem to give the lie to the soundest and most universally accepted axioms of political economy.

Yes, not only do "solid, indisputable facts seem to give the lie to the soundest and most universally accepted axioms of political economy," but they do give it, and so does the whole history of this country. If what he calls "the soundest and most universally accepted axioms" had been axioms at all, this country ought to have been permanently for 30 years in the situation which it is now in temporarily, after 11 months of this free trade nightmare. We ought to have been halting in every branch of manufactures; we ought to have stopped progress and faltered to the rear, for we were wasting both capital and labor in unprofitable employment.

RISE OF WAGES SINCE 1860.

Our workmen, penned up in our little country while Englishmen reveled in the markets of the world, ought to be impoverished beyond all the experience of history. Instead of that the Aldrich report, which deserves the high encomium of the gentleman from New York (Mr. Cockran), "with the approval of the distinguished Secretary of the Treasury," even if it does "emanate from a Democratic Bureau of Statistics," shows that since 1860 money wages have risen 68 per cent. Or if you say, and you would be right in so saying, that wages should be measured by what they will buy, the result is still more striking.

The same report shows that, measured by prices of things bought, wages have risen, real wages 79 per cent. By which I mean to say, that where our people in 1860 received a dollar, our people have now one dollar and sixty-eight cents and six mills in money, and a dollar and seventy-nine cents and one mill in consumable wealth. During the same period the hours of labor, by average in all the occupations calculated, have fallen from eleven to ten. If you count that and reckon the man's hour saved to be worth as much to him as it used to be to his employer—and it is—you have real wages raised 97 per cent. and you find the wage earner to-day, after thirty-three years of protection, with $1.97, where in 1860 he had but a single dollar. The history of the world shows nothing like it. The Aldrich report declares that there exists no thorough digest of facts relating to European wages, but if you will show me any figures of increase at all approximating what I have just described in free-trade England, you will discover what my search has not been able to find.

With wages rising, prices of manufactured goods falling, with lessening hours of labor, what more do you want except more of the same sort? (Applause on Republican side).

The truth is that this very question of rising wages is what makes a good many men free traders. People with fixed incomes think that anything which raises wages is inimical to them. Manufacturers who have foreign markets are naturally anxious to have wages on the foreign standard, and when a great cocoa manufacturer in Boston and a great agricultural tool-maker in Philadelphia proclaim themselves on the side of free trade, we find in both cases a large foreign trade and along with it a desire for foreign wages for their workingmen.

WAGES MUST BE STEADILY INCREASING.

I confess to you that this question of wages is to me the vital question. To insure our growth in civilization and wealth we must not only have wages as high as they are now but constantly and steadily increasing. (Loud applause on the Republican side). No applause for this sentiment I notice on the Democratic side. This desire of mine for constantly increasing wages does not have its origin in love for the individual, but in love for the whole nation in that enlightened selfishness which recognizes the great truth that your fate and mine, Mr. Speaker, and the fate of your descendants and mine are so wrapped up in the fate of all others that whatever contributes to their progress gives to us all a nobler future and a higher hope. (Applause on the Republican side).

I do not mean to use the word "contribute" as adequate to describe the influence of wages on human progress. That would be to belittle the subject. In my judgment upon wages and the consequent distribution of consumable wealth is based all our hopes of the future and all the possible increase of our civilization. The progress of this nation is dependent upon the progress of all. This is no new thought with me. Our civilization is not the civilization of Rome, a civilization of nobles and slaves, but a civilization which tends to destroy distinction of classes and to lift all to a common and higher level. (Cheers on the Republican side).

There are some men in this world and in this nation who do not like that. When I talk about wages I use the word in its broadest sense as the price and value of service whether of brain or muscle. When I speak of constant and continuous increase of wages I do not mean the caprices of benevolence or of charity, or the fantasy of a mind longing for the impossible.

MAN'S TASTES INFLUENCED BY HIS PROSPERITY.

The increase of wages which the service seller ought to have and the only useful increase he can ever get will be by the operation of natural laws working upon the opportunities which legislation may aid in furnishing. The increase will never come from the outside, will never be the gift of any employer. It must come from the improvement in the man himself. Can you get a carpenter or bricklayer to work for 25 cents a day? He did it in England in 1725. To-day in the United States it is a poor place where he cannot get ten times that sum. Why does he have to have ten times as much? Because the carpenter of to-day could no more live as did the carpenter of 1725 than he could live in a cave and hunt snakes for food. The difference in wages means the difference in living, and the $2.50 is as much a necessity to-day as the 25 cents was a hundred and fifty years ago.

Man is not a mere muscular engine, to be fed with meat and give forth effort. Man is a social being. He must have whatever his neighbor has. He cannot grow unless he does. Every growth implies a larger consumption of consumable wealth, and by consumable wealth I mean whatever is made by man and contributes to his enjoyment, whether it be a loaf of bread, a novel, or a concert. The more a man wants of consumable wealth the more his wages are likely to be. But by wants I do not mean any wild longing for what is beyond reach, but such wants as are in sight and to supply which he has such longing as will make him work.

What is the rule and measure of wages? There has never been a subject on which so much ingenuity has been wasted and where the political economist has so befogged the world. He had a fund set apart in his mind which he called the wage fund. Divide the wage fund by the number of service sellers, having due regard to difference of service, and there it was plain as mathematics. True, nobody could calculate the wage fund, nobody had ever seen it. It was in nobody's bookkeeping, but it was a comprehensive answer and that was what he was after. Others of his disciples to-day dispose of it by the catchwords "supply" and "demand," and though the listener had acquired some words he had acquired very little knowledge.

RELATION OF WAGES TO CONSUMPTION.

In thus speaking slightingly of "supply and demand" I do not mean to say that the relation between the worker and the work has no influence on wages. What I say is that it in no sense solves the problem. Only last week in this very city the builders, and material men, and the workers met together to see if in response to oversupply compared with demand concessions could be made. The material men were ready to yield, but the workmen, whose labor was the only perishable article involved, utterly refused. According to supply and demand they ought to have been hustling each other to see who could get into the job. Instead of that they are ready to struggle and to endure privations rather than give up what have become to them necessaries of life. Of course in time they will have to submit unless this bill is beaten, but there are limitations beyond which you cannot go. No nation can endure in peace any cut which goes into the quick. Necessities born of social life and advancing civilization are the real measure of wages.

This question of wages is all-important as bearing upon the question of consumption. All production depends upon consumption. Who are the consumers? In the old days when the products of manufacturers were luxuries, the lord and his retainers, the lady and her maids were the consumers, a class apart by themselves, but to-day the consumers are the producers. Long ago the laborer consumed only what would keep him alive. To-day he and his wife and their children are so immeasurably the most valuable customers that if the shop had to give up the wealthy or those whom it is the custom to call poor, there would not be a moment's hesitation or a moment's doubt.

Unfortunately the gentlemen on the other side have persistently retained the old idea that the producers are one class and the consumers are another, and hence we hear on all hands such stupidities of speech as those which sum up the workers in each branch and compare them with the whole people. One hundred and fifty thousand workers in woolens—you ask what are they compared with 70,000,000 of cousumers; 200,000 workers in steel, what are they compared with 70,000,000 of consumers; 200,000 workers in cotton, what are they compared with 70,000,000 of consumers, and so on all through the long list, forgetting that all these people added together make the whole 70,000,000 themselves.

It so happens that America is filled with workers. There are idle people, but they are fewer here than elsewhere except now, when we are living under the shadow of the Wilson bill. If those workers are all getting good wages they are themselves the market, and if the wages are increasing the market is also increasing. The fact that in this country all the workers have been getting better wages than elsewhere is the very reason why our market is the best in the world and why all the nations of the world are trying to break into it. We do not appreciate the nature of our market ourselves.

I have given you already the glowing testimony of Englishmen who have seen us with their own eyes. "Amazing prosperity," "Greatest market in the world," "Paradise of the workingman." These are strong words; but let us see if cold mathematics do not put to shame the fervor of adjectives.

A STRIKING ILLUSTRATION.

We are nominally 70,000,000 people. That is what we are in mere numbers. But as a market for manufactures and choice foods we are potentially 175,000,000 as compared with the next best nation on the globe. Nor is this difficult to prove. Whenever an Englishman earns one dollar an American earns a dollar and sixty cents. I speak within bounds. Both can get the food that keeps body and soul together and the shelter which the body must have for 60 cents. Take 60 cents from a dollar and you have 40 cents left. Take that same 60 cents from the dollar and sixty and you have a dollar left, just two and a half times as much. That surplus can be spent in choice foods, in house furnishings, in fine clothes and all the comforts of life—in a word, in the products of our manufactures. That makes our population as consumers of products, as compared with the English population, 175,000,000. Their poulation is 37,000,000 as consumers of products which one century ago were pure luxuries, while our population is equivalent to 175,000,000. (Applause on the Republican side.)

If this is our comparison with England what is the comparison with the rest of the world, whose markets our committee are so eager to have in exchange for our own. Mullhall gives certain statistics which will serve to make the comparison clear. On page 365 of his Dictionary of Statistics he says the total yearly product of the manufacturers of the world is £4,474,000,000, of which the United States produce £1,443,000,000.

I do not vouch, nor can anybody vouch, for these figures, but the proportion of one-third to two-thirds nobody can fairly dispute. We produce one-third, and the rest of the world, England included, two-thirds.

The population of the world is 1,500,000,000, of which we have 70,000,000, which leaves 1,430,000,000 for the rest of mankind. We use all our manufactures, or the equivalent of them. Hence we are equal to one-half the whole globe outside of ourselves, England included, and compared as a market with the rest of the world our population is equal to about 700,000,000. (Applause on the Republican side.)

OUR MARKET EQUAL TO 700,000,000.

I repeat, as compared with England herself as a market, our people are equivalent to 175,000,000. As compared with the rest of the world, England included, we are equal as a market to 700,000,000. These figures more than justify the adjectives of the Englishman, and the cold facts of mathematics surpass the spasms of rhetoric.

Instead of increasing this market by leaving it to the steady increase of wages which the figures of the Aldrich report so conclusively show, and which have not only received the sanction of the member from New York, the Secretary of the Treasury, and the Democratic Bureau of Statistics, but the sanction of everybody who hears me, our committee propose to lower wages and so lessen the market and then divide that market with somebody else, and all on the chance of getting the markets of the world.

Who have these markets of the world now? There is hardly a spot on the globe where three generations of Englishmen, Frenchmen or Germans have not been camped in possession of every avenue of trade. Do you suppose that with machinery nearly as good as ours and wages at one-half these men are going to surrender to us the markets of the world? Why, the very duties you keep on show that you do not believe it. If we cannot without duties hold our own markets how shall we pay freight, the expense of introducing goods, and meet the foreigner where he lives?

To add to the interesting impossibilities of this contention, the orators on the other side say they are going to maintain wages. How can that be possible? All things sell at the cost of production. If the difference between cost of production here and cost of production in England be not equalized by the duty, then our cost of production must go down or we must go out. Therefore, our labor, the great component part of cost of production must go down also. If you say this will come out of profits then profits will be lessened in every occupation, for your own political economists teach you that the profits in protected industries can never be greater than in other occupations, and will not long consent to be less. Let it be noised abroad that any occupation is making big profits and straightway it will be swamped with competitors, so that over profit is the sure precursor of no profits at all.

SURVIVAL OF THE FITTEST.

But all these questions of wages are to be met, says the gentleman from New York (Mr. Cockran), by our superior civilization, and accuses me of "confessing that civilization at the highest level is incapable of meeting the competition of civilization at its lowest level." (Laughter on the Democratic side.)

Now, it is a great truth that civilization can successfully meet barbarism, but it must do it with brains and not with rhetoric. How often have I heard this and similar eloquent outbursts about our superiority, and therefore inevitable conquest of the inferior. Survival of the superior! That is not the way that the great naturalist put it. "Survival of the fittest," was his expression; survival of the fittest to survive; not the superior, not the loveliest, not the most intellectual, but the one who fitted best into the surroundings. Compare the strong bull of Basham with a salt-water smelt. Who doubts the superiority of the bull? Yet, if you drop them both into the Atlantic Ocean, I will take my chances with the smelt. (Laughter.) A little tomtit, insignificant as a bit of dust in the balance, cannot compare with the domestic swan either in grace, beauty or power. Yet, if both were dropped from a baloon hung high in air, I would rather be the insignificant tomtit than the graceful swan. If I had a job to dig on a railway, the competitor for that job whom I should fear would not be my friend from New York (Mr. Cockran) (laughter), but some child of sunny Italy, so newly imported that he had not grown up to the wages of this adopted country.

But let us make these illustrations a little broader and take in a bit of history. Shortly after I entered Congress one Dennis Kearney began on the sand lots to address the world on the Chinese. He said these people were of a lower civilization; in fact to use the very expression of the gentleman from New York (Mr. Cockran), he said it was "civilization at its lowest level." Indeed, to be strictly accurate, he used stronger expression. (Laughter.) He denounced the Chinese, and instead of relying on superior civilization, on the flag of freedom in the air above us, the emblem of freedom on the earth beneath us, he actually wanted protection by law, and in spite of the jeers and flouts of us in the East he has got it at last and with our consent.

INFLUENCE OF CHINESE CHEAP LABOR.

I know that when the gentleman learns these facts he will be so sorry that he was not here to tell these misguided men that having seized the lightnings and beat the miracles of Moses without being guilty of his mistakes (laughter), we must be able to beat the Chinese without law because of their lower level of civilization. What Mr. Kearney would have said to the gentleman from New York I do not dare to record.

Why did the working people of California object to the Chinese? Because they knew that if they swarmed here in sufficient numbers the law of wages would make our own wages impossible. Had the Chinese had the same wants, and been therefore forced to demand the same wages, they could have worshiped their ancestors here without let or hindrance. It was just because the higher civilization could not contend on a free field with the lower that its higher civilization had to put brains into the scale and protect itself. If then we protect ourselves against Chinese labor here, why should we not protect ourselves from a lower level of labor as represented by imported goods? Lower-priced labor can compete with our labor, whether it take the form of goods or of imported Chinamen.

But says some gentleman, having heard some other gentleman say it, and having been struck by its epigrammatic point, but "labor is on the free list." Well, that sounds conclusive, does it not? Yet what utter nonsense it really is when you come to look at it. Does the Englishman, when he comes here, bring his rate of wages with him? I should like to see any immigrant who has been here long enough to know his bearings who does not demand as good wages as the rest. That is what they come here for. (Applause on the Republican side).

Only last week the Hungarians and Poles and Slavs in Pennsylvania were trying to break up all work in the coal mines because our native citizens, under the stress of the Wilson bill, were consenting to take less wages. Obviously these gentlemen did not bring their rate of wages with them. Why did we forbid the importation of contract labor? Because the price of it was tainted by the wage scales of a land on a lower level of wages.

LUXURIES BECOME NECESSITIES.

Let me restate this: Men in America demand high and higher wages because their surroundings erect what used to be luxuries into necessities. Men who come here are soon affected by these same surroundings and are soon under the same necessities. But Chinamen, because they sequester themselves from these surroundings, and bales of goods, because they cannot have the labor in them subjected to our influences, ought to be under the restriction of law. I do not mean to make the comparison go on all fours and have the goods prohibited like the Chinese. I only meant to convey an idea.

But is it not a dreadful business to tax people? Not necessarily. Taxes raised for a good purpose—like a schoolhouse, a road, an army, for payment of pensions, for the public debt and indeed for all the purposes of a free people—are not only not bad, but very good. Taxes to build a palace for the king's mistress or to place a barbarian queen on a deserted throne (prolonged laughter and cheers on the Republican side) would be dreadful; but we are not likely, owing to a series of fortunate accidents, to be called upon to do even the last.

But can you accomplish anything but oppression by taxes? Oh, yes; the gentleman from Missouri (Mr. Hatch) will tell you that taxation has regulated oleomargarine and can regulate stock sales. At least so he thinks. It has destroyed wild cat banks.

On the question of the constitutionality of tariff taxation, I shall spend no time. I have not been here as long as I have without learning that "constitutionality" and "unconstitutionality" on the other side of the Chamber are mere phrases, and that when a gentleman of the other side with swelling voice denounces the tariff as unconstitutional he merely means that he does not like it. (Laughter and applause.)

Inasmuch as nobody in a hundred years has even asked the Supreme Court to pass on that question, it seems hardly worth while to discuss it. If the Father of his Country, fresh from the convention, in signing the first tariff tax bill, signed an unconstitutional act the gentleman from Georgia (Mr. Turner) and the whole Democratic party are better than George Washington—a thing not hitherto charged upon them. (Laughter.)

WHO PAYS THE TAX?

But do not the people pay the tariff taxes, and do they not go into the pockets of monopolists? Do you believe the consumer pays the tax, or the foreigner? Well, I am going to be perfectly frank about that and answer, sometimes one and sometimes the other, and sometimes both. The first thing a foreigner does when a tariff tax is laid is to see if he can get into our market without paying anything. If so, then he will not reduce his prices. If he cannot he looks over his margin of profit and sees if he can, by abating some part of these profits, get his goods in. So far as he does abate them he pays the tax. So far as he does not, the rest of the tax is paid by the consumer.

If the foreigner pays all the tax, then within the limit where his goods can circulate there may be protection or there may not. If after paying the whole tax he still has a margin of profit to sacrifice in the industrial war, there will be no protection, or very limited protection. But if there be only a slight margin, which he cannot sacrifice without rendering the market worthless, then there will be competition the same as if he manufactured here. In the latter case he at least cannot shut up our factories.

In these cases the prices will not be raised. But where the consumer pays any part of the tax, by so much is the price raised. This is the general rule, but often it does not work so. After the act of 1890 large importations in anticipation of large profits, anticipations frustrated by the Baring failure panic, made great changes in the case. Many prices did not rise at all, and yet manufacturers, knowing that there would be a certainty at least that they could not be badly undersold, began work.

It often happens that men will begin manufacturing under a tariff that does not raise prices because they know that such a tariff will prevent them from going down.

It is not enough to have goods in the natural market at a price which will bring a profit. The manufacturer must know that the industrial enemy cannot force the price below the range of profit. Then without any increase he may put up a plant. This operation of a tariff which does not raise the price is because industrial warfare sometimes assumes this shape. A rival maker may sacrifice his goods in order to sacrifice another man's factory, or to prevent the establishment of a competitor. If there be a tariff, then, which will not raise prices, but which will maintain them, then the native manufacturer's risk in building a factory is limited. He may be put to hard struggle, but he cannot be beaten out of hand. He will have a fighting chance.

WHERE THE FOREIGNER PAYS THE TAX.

There are, however, so many instances where the foreigner pays the tax that there is no wonder that the assertion has been made broadcast. The Bermuda vegetable men appeared before this very committee to urge this very fact. Canada, both under the present law and just after the repeal of the reciprocity act, is a multitudious witness all along our borders that the foreigner pays the tax. I venture to say that the lumber tax, lowered by the act of 1890, has all of it gone out of our Treasury into Canadian pockets.

It would be an interesting chapter in economic history if we could have in figures the abatement of foreign prices which have followed every increase of the tariff, for it would show what enormous profits have been made out of us by these people when no protection existed.

Having thus shown that even where tariff taxes are paid by the foreigner and the price not raised there may be some protection, let us face the question whether, where the price is raised and the consumer pays the whole tax or a part of it, there is any benefit to our country thereby. Does not the public suffer for the benefit of the few? Not for the benefit of the capitalist, for in the long run your own political enonomy will show you that protected industries will not obtain any greater remuneration than the unprotected. The same is all they ask for and more than they often get.

But we need not depend upon political economists, for they are always unsafe. The gentleman from Massachusetts (Mr. Draper) in his admirable speech has demonstrated the facts of equalization of profits.

In Massachusetts they have statistics so well collected that they mean something, and those statistics show that Massachusetts manufacturing stocks pay 3.87 per cent., Boston bank stocks 4.53 per cent., and in New England Railroad stocks 4.29 per cent.

Let me put the assertion in another form. If you will give all that capital has made on railroads, an unprotected industry, I will give you all that capital has made on factories, and agree to feed the hungry crowds caused by the Wilson bill and not claim any virtue for my charity.

BENEFIT OF DIVERSIFIED INDUSTRIES.

The public again do not suffer for the sake of the employes of the protected industries. for they get no higher wages than the unprotected. In fact the increase goes to one as much as the other. Who built the mills at Fall River?

Who made the machinery? Who furnished the provisions and other consumable wealth which Fall River and its mills demand? The answer must be the whole United States. "But," says my questioner, "if you only distribute among all of us who paid it, this money which was taken from us for the extra price, what is the good?" If that were all there was to it I could still answer that at least there was no loss. But beyond a question this system establishes diversified industries. Nobody can doubt that. Diversified industries call out all the working powers of the world. Some men are fitted for one thing, some for another.

The only way to utilize all the powers of body and mind in a nation is to have something which suits all. By this means the great army of the unemployed can be diminished. A nation which keeps its people employed is in the end sure to show the largest gains even of wealth. Diversified industries educate the people and give them a broader education than books can give, and so helps them on the road to greater civilization. We have already seen that greater civilization leads to higher wages, to greater production. In a country of high wages there are greater inducements for inventors, for they can save more by their inventions, which are therefore more readily adopted.

We were talking awhile ago about higher wages. The question naturally comes up, how can these higher wages be got? There must be something for them to come from. Just think a moment what wages are. They are the devourers of consumable wealth. In order to have more consumable wealth. you must have an incentive for its creation.Wealth will never be made unless a consumer stands ready. More consumable wealth, therefore, depends upon a broadening market. This I have already shown does not mean more purchasers, but purchasers with better purses, though for that matter in this country we have both.

INVENTIVE GENIUS STIMULATED BY NECESSITY.

But how can you make more wealth with the same number of workers? By using the forces of nature and by utilizing human brains. How can you do that? By incentives. The brain no more works without incentive than the body does.

To hear the discussions in Congress you woul suppose that invention dropped from Heaven like manna to the Jews. (Laughter). You would suppose that James Watt reached out into the darkness and pulled back a steam engine. It was not so. All invention is the product of necessities and of pressure. When the boy who wanted to go off to play, and so rigged the stopcocks that the engine went itself, he was not only a true inventor, but he had the same motive—his personal advantage—that all inventors have, and like them was urged on by business necessities.

What originated Bessemer steel? Sir Henry Bessemer? No; but the necessities of railroads, under public pressure for lower rates of traffic, which would, every one of them, been bankrupt without steel rails. If Sir Henry had not invented the process somebody else would. It detracts not one iota from the fame of Alexander Bell that a dozen men were close on his track. It has been so in every great invention. I say, therefore, that it was the diversification of our industries that has stimulated inventions. Otherwise all the inventive power of America would have run to waste, and when a man calculates the wonders of American inventive genius he knows where some of our wealth comes from. (Laughter and applause).

As a further proof that invention is born of necessity, tell me why great inventions never come until the world is in such shape as to enjoy them? What would the Crusaders have done with railroads? There was not money enough in the world or travel or merchandise to keep them going a week. (Laughter).

And this brings me to another fact. No invention is worth its salt which does not have increased consumption behind it. Take the very case of railroads; are railroads economical? "Certainly," you reply. "They can carry passengers for half a cent a mile, for a quarter of a cent, and a New York hack will cost you $2, and even a lumbering coach may cost you 10 cents. Of course, it is economical." But suppose you had only a stage load to carry every day, would it pay to build a railroad and would that conveyance be cheap? Hardly. You can make an ax handle with a machine in two seconds; without, in three hours. It would pay to build a machine to make a million of ax handles, but not to make one.

HIGH WAGES CONTRIBUTE TO PROGRESS.

Therefore I say that the great forces of nature and the wisest inventions are alike unprofitable except for a large consumption. Hence, large consumption is at the basis of saving in manufacture, and hence high wages contribute their share to progress. If you once accept the idea that necessity is mother of invention, instead of regarding invention as coming from Heaven knows where, you can see how high wages stimulate it.

I saw at a machine shop not long ago a great machine which could work only in one direction, and naturally consumed, in going back to place, as much time as in coming forward. It took three men at $3 a day to run it. Half their time was lost. Could the speed of the return have been doubled, more than $2 a day would have been saved. That invention was made because, being applicable to many machines, it meant much money. Had they been worked by men who were paid 50 cents a day, it is doubtful if it would have been demanded. Where wages are low invention is rare. It does not pay.

It has always seemed to me, until I heard the gentleman from New York the other day say to the contrary, that the establishment of new industries and not the destruction of old ones was the way to make two jobs hunt one man, to use the words I have ordinarily employed in putting it; but he says no, that is wasteful production because you are employing capital in comparatively unprofitable occupation. That used long ago to puzzle me, and I used to put it this way: Suppose the nation to have a million dollars and no more, all employed at 6 per cent. in that interesting dream of fancy "the most profitable employment," and a man should come along and say, "If you people will let me put a hundred thousand of this capital, my share, into a less profitable, a 5 per cent. employment, I will do it on condition that you pay me and all people who come here and do the same enough to equalize my profits with the rest of you." At first sight that looks like mathematics.

A PHILOSOPHIC DEMONSTRATION.

It would seem incontestable that the nation would lose 1 per cent. on a hundred thousand dollars, or a thousand dollars every year. Yet I said if free traders are correct, this, to a greater or less degree is what the United States did even under the Walker tariff. Why is it that we have not gone to pieces long ago? Well, one of the fallacies of this demonstration is this: It proceeds on the assumption not only that one million is all the capital of the United States, but all the capital of the world.

Suppose that law which taxed the profitable employment coaxed in the $100,000 from the rest of the globe, our nation would have gained $5000 every year, instead of losing $1000, for we should have had the whole $1,100,000 earning 6 per cent. less the tax laid on the whole to raise $1000. But, you say, why should not the new $100,000 come in and go into the 6 per cent. most profitable employment; why should it select the 5 per cent. employment? Just simply because that money does not come here by attraction of gravitation, but by the mind of a man, and men's minds are what play havoc with cut and dried political economy.

Suppose you go to a manufacturer of cotton in England and tell him that by putting his surplus capital into a Dakota farm he can make 10 per cent. The chances are he will not even look at it. Then you try him with a proposal to build a cotton factory in Georgia; show him he can make 6 per cent., while he is making only 4 at home. The chances are that the cotton mill will tempt him and not the farm. He knows the cotton business, but he is not a farmer.

This, in fact, is the history of the United States. Our laws have invited money and men and we have grown great and rich thereby. The gentleman from Illinois (Mr. Black) has noticed that men come here, and he does not want them to come; hence he is willing that our wages shall be lowered to keep people away. Well, this is not the time to discuss immigration; but while people are coming I am glad they have not yet imbibed the gentleman's ideas and have not yet begun to clamor for lower wages. I really cannot help adding that when the gentleman from Illinois (Mr. Black) starts his reformed immigration of men who come here "unawed by influence and unbribed by gain," I hope to be there, for it would be a sight hitherto unknown on earth of men who forsook their home without being either pushed or pulled. (Laughter).

WHY WE HAVE PROSPERED.

To sum it up, if this protection gives us money and men, and our vast country needs both, it may show why we have so wonderfully prospered. If it does, I am inclined to think that the way to have two jobs hunting one man is to keep on making new mills and try and prevent the Committee on Ways and Means from pulling down old ones.

"But," says some gentleman fuller of political economy than of sense, "why do you not transfer your capital from these protected industries to the more profitable?" Yes, that would be a good idea. We will commence in West Virginia and take up the coal mine holes and stick them down somewhere else, unless we can utilize them as places of refuge for the committee after the election. There is what used to be $8,000,000 worth of stuff belonging to the people that make screws. Let us take that up. But it is not worth $800,000, let alone $8,000,000. The bill has dropped $7,200,000—that can not be transferred anywhere.

But what do you say about the farmer? Well, on that subject I do not profess any special learning, but there is one simple statement I wish to make and leave the question there.

If with cities growing up like magic, manufacturing villages dotting every eligible site, each and all swarming with mouths to be filled, the producers of food are worse off than when half this country was a desert, I abandon sense in favor of political economy.

One other thing I have noticed in this debate. When the gentleman from Kansas (Mr. Simpson) gets a little money ahead he does not put it into the stocks in these immensely profitable manufactures. He has too much sense. He adds to his farm, and he has told us so. Example is richer than precept.

If the hope of agriculturists is in English free trade, they had better ponder on the fact that while the wages of artisans have increased in England $2.43 per week since 1850, the wages of agricultural laborers have only increased 72 cents, and while the Lancashire operatives in the factories live as well as anybody except Americans, the agricultural laborers are hardly better off than the continental peasantry. England's example will not do for agriculture.

AN ARGUMENT SET UP BY FREE TRADERS.

Here let me meet one other question, and let me meet it fairly. We are charged with having claimed that the tariff alone will raise wages, and we are pointed triumphantly to the fact that the wages of France and Germany, protected by a tariff, are lower than England, free of all tariff, and to America with a tariff and still higher wages. We have never made such a claim in any such form. Free traders have set up that claim for us in order to triumphantly knock it over. What we do say is that where two nations have equal skill and equal appliances and a market of nearly equal size, and one of them can hire labor at one-half less, nothing but a tariff can maintain the higher wages, and that we can prove.

If there be two bales of goods side by side, made by the same kind of machinery and with the labor of the human being in both the same degree of skill, and if the labor of one bale cost one-half, for example, as much as the other, that other bale can never be sold until the extra cost of the costlier labor is squeezed out of it, provided there is an abundant supply of the product of the cheaper labor. If the bale with the cheaper labor of England in it meets the bale with the dearer labor of America in it, which will be bought at the cost of production? I leave that problem just there. The sale of the English bale will be only limited by England's production.

Now, as to France and Germany. The gentleman from Ohio (Mr. Harter), makes the same blunder which he charges on us. He says the tariff makes lower wages, and asks us to compare the three countries, saying they are all the same except the tariff. I do rot read history that way. England had centuries of peace or distant war, while both France and Germany were the battlefields of Europe. Until Bismarck made Germany a nation she was not even big enough to enter successfully modern industrial warfare. To compare either of those nations in machinery or wealth to England, a hundred years in advance of them both by reason of her history before 1850 and her tributary provinces, is absolutely farcical.

Let. Germany and France get thoroughly established within themselves as good machinery as England now has, together with her factory system, and nothing but higher wages in those countries or a tariff in their own will ever save the English people from ruin. Lord Armstrong knew what he was doing when he established an English iron manufactory in Italy with English appliances and Italian labor at half price.

WHAT THE TARIFF CANNOT DO.

No, no; tariff does not make the blind see, the lame walk, nor does it raise the dead to life, but it is a good, sound, sensible policy for the United States, for its growth, in riches and civilization, and if it is stricken down the people who in their secret hearts will think us the most shortsighted will be the foreigners who profit by our folly.

There is still another argument which I desire to present out of the large number yet unused. What has made England rich? It is the immense profits which come of converting raw material into manufactured goods. She is the huge workshop, doing the most profitable work of the world; changing material to finished product. So long as she can persuade the rest of the world to engage in the work which is the least profitable and leave her the most enriching she can well be content.

Let me give one item, and the figures shall be furnished by the gentleman from Alabama (Mr. Wheeler), who told me in your presence that the value of all the cotton raised in the United States was only $300,000,000, while the finished product of that cotton was $1,750,000,000. When cotton leaves the field it is worth $300,000,000; when it leaves the mill it is worth six times as much. On our own cotton crop alone we might in time make the profits on a billion and a half of manufactured goods. Nor is there anything to prevent such a result in a protective tariff.

Some men think, indeed, this bill and its author's speeches proceed upon the supposition that the first step towards gaining the markets of the world is to give up our own, just as if a forfeited army, with enemies on all flanks, should overturn its own breast-works as the first preliminary to a march into the open. Even the foolish chivalry of the Marquis de Montcalm which led him to his death on the Heights of Abraham had not that crowning folly. Such is not the history of the world; such is not even the example of England. Tariff duties, whether levied for that purpose or for revenue, become a dead letter when we are able to compete with the outside world.

We are the only rival that England fears, for we alone have in our borders the population and the wages, the raw material, and within ourselves the great market which insures to us the most improved machinery. Our constant power to increase our wages insures us also continuous progress. If you wish us to follow the example of England, I say yes, with all my heart, but her real example and nothing less. Let us keep protection, as she did, until no rival dares to invade our territory, and then we may take our chances for a future which by that time will not be unknown. (Applause on the Republican side).

BEST INTEREST OF MANUFACTURERS.

Nobody knows so well as I do how much even of my own comprehension of the great argument which should control this vote I have failed to present. I have said not a word of the great fall of prices which has always come from the competition of the whole world within itself rendered possible by protection and substituted for the competition within a single island. I have said not a word of the great difference between the attitude of employers who find their own workmen their best customers in their own land, and who are, therefore, moved by their own best interests to give their workmen fair wages, and those who sell abroad and are therefore anxious for low wages at home, and on whom works unrestrictedly that pernicious doctrine, as wages fall profits rise. These and much more have I omitted, for there is a limit to all speaking.

We know, my friends, that before this tribunal we all of us plead in vain. Why we fail to let those answer who read the touching words of Araham Lincoln's first inaugural and remember that he plead in vain with these same men and their predecessors. Where he failed we cannot hope to succeed. But though we fail here to-day, like our great leader of other days, in the larger field before the mightier tribunal which will finally and forever decide this question we shall be more than conquerers; for this great nation, shaking off as it has once before the influence of a lower civilization, will go on to fulfill its high destiny until over the South, as well as over the North, shall be spread the full measure of that amazing prosperity which is the wonder of the world. (Prolonged applause on the floor and in the galleries).

Deficiency of Revenue the Cause of Financial Difficulty.

SPEECH

—OF—

HON. JOHN SHERMAN

OF OHIO

IN THE

Senate of the United States

FRIDAY, JANUARY 3, 1896

THE GOLD RESERVE

WASHINGTON, D. C.
1896.

DEFICIENCY OF REVENUE
THE CAUSE OF
FINANCIAL DIFFICULTY.

MR. SHERMAN said:

The President, in his annual message to Congress, confined himself to two important subjects, one our foreign relations and the other the condition of our national finances. He followed it by another message on the application of the Monroe doctrine to the controversy between Great Britain and Venezuela.

While Congress has heartily, perhaps too hastily, but with entire unanimity, supported him in maintaining the interests and honor of our country in the field of diplomacy, it has not and will not approve his recommendations on the more important subject of our financial policy and especially of our currency. He has mistaken the cause of our present financial condition in attributing it to the demand for gold for United States notes instead of to the deficiency of revenue caused by the legislation of the last Congress. He places the effect before the cause He proposes as a remedy the conversion of the United States notes and the Treasury notes into interest-bearing bonds, thus increasing the interest-bearing debt nearly $500,000,000. He proposes a line of public policy that will produce a sharp contraction of our currency, add greatly to the burden of existing debts, and arrest the progress of almost every American industry which now competes with foreign productions.

The President is supported in these views by Mr. Carlisle, his able Secretary of the Treasury, in his report to Congress. It is with diffidence I undertake to controvert their opinions; but my convictions are so strong that they are in error that I hope the strength of the facts I will submit to the Senate will convince it that the true line of public policy is to supply the Government with ample means to meet current expenditures and to pay each year a portion of the public debt. The gold reserve provided for the redemption of United States notes can then be easily maintained without cost except the loss of interest on the gold in the Treasury, but with a saving of interest on United States notes and Treasury notes of five times the interest lost by the gold held in reserve. A vastly greater benefit than saving interest is secured to our people by a national paper currency at par with coin supported by the credit of the United States and redeemed on demand in coin at the Treasury in the principal city of the United States.

INSUFFICIENCY OF REVENUE AFFECTS THE FINANCES.

The only difficulty in the way of an easy maintenance of our notes at par with coin is the fact that during this Administration the revenues of the Government have not been sufficient to meet the expenditures authorized by Congress. If Congress had provided necessary revenue, or if the President and Mr. Carlisle had refused to expend appropriations not mandatory in form, but permissive, so as to confine expenditures within receipts, they would have had no difficulty with the reserve. This would have been a stalwart act in harmony with the President's character and plainly within his power. All appropriations which are not provided to carry into effect existing law are permissive, but not mandatory, and his refusal to expend money in excess of the revenues of the Government would not only be justified by public policy, but would have been heartily approved by the people of the United States. He knew as well as any one that since the close of the civil war to the date of his inauguration the expenditures of the Government had been less than its receipts. I have here a table which shows the receipts and expenditures each year from 1866 to 1893.

Receipts and expenditures of the Government from July 1, 1865, to June 30, 1895:

Fiscal Year.	Total Revenue.	Total Expenditures, including Premium.	Excess of Revenue over Expenditures.
1866	$558,032,620.06	$520,809,416.99	$37,223,203.07
1867	490,634,010.27	357,542,675.16	133,091,335.11
1868	405,638,083.32	377,340,284.86	28,297,798.46
1869	370,943,747.21	322,865,277.80	48,078,469.41
1870	411,255,477.63	309,653,560.75	101,601,916.88
1871	383,323,944.89	292,177,188.25	91.146,756.64
1872	374.106,867.56	277,517,962.67	96,588,904.89
1873	333,738,204.67	290,345,245.33	43,392,959.34
1874	289,478,755.47	287,133,873.17	2.344,882.30
1875	288,000,051.10	274,623,392.84	13.376,658.26
1876	287,482,039.16	258,459,797.33	29,022,241.83
1877	269,000,586.62	238,660,008.93	30,340,577.69
1878	257,763,878.70	236,964,326.80	20,799,551.90
1879	273,827,184.46	266,947,882.53	6,879,300.93
1880	333,526,610.98	267,642,957.78	65,883,653.20
1881	360,782,292.57	260,712,887.59	100,069,404.98
1882	403,525,250.28	257,981,439.57	145,543,810.71
1883	398,287,581.95	265,408,137.54	132,879,444.41
1884	348,519,869.92	244,126,244.33	104,393,625.59
1885	323,690,706.38	260,226,935.11	63,463,771.27
1886	336,439,727.06	242,483,138.50	93,956,588.56
1887	371,403,277.66	267,932,179.97	103,471,097.69
1888	379,266,074.76	267,924,801.13	111,341,273.63
1889	387,050.058.84	299,288,978.25	87,761,080.59

1890	403,080,982.63	318,040,710.66	85,040,271.97
1891	392,612,447.31	365,773,905.35	26,838,541.96
1892	354,937,784.24	345.023,330.58	9.914,453.66
1893	385,819,628.78	383,477,954.49	2,341,674.29
1894	297,722,019.25	367,525,279.83	*69,803,260.58
1895	313,390,075.11	356,195,298.29	*42,805,223.18

*Excess of expenditures over receipts.

From this official statement it appears that each and every year during that long period there was a surplus, which was applied to the reduction of the public debt bearing interest. This debt amounted August 31, 1865, to $2,381,530,294. On the 1st of March, 1893, it was $585,034,260, thus showing a reduction of the interest-bearing debt of $1,796,496.034. The public faith was pledged to this reduction in our loan laws and by the act creating a sinking fund, and, though in some years we did not comply with the terms of the sinking fund, yet in other years we exceeded its requirements and, prior to this Administration, the aggregate reduction of debt was greater than the law required. Now, for the first time since 1866, we have deficiencies of revenue. Since the 1st of March , 1893, to the 1st of December, 1895, the national debt has been increased $162,602,245.

DEFENSE OF THE McKINLEY ACT.

The President, in his recent annual message, complains that the law of October 6, 1890, known as the McKinley Act, was "inefficient for the purposes of revenue." That law, though it largely reduced taxation by placing many articles on the free list and granted a bounty for the production of sugar, yet did not reduce revenues below expenditures, but provided a surplus of $37,239,762.57 June 30, 1891, and $9,914,453.66 June 30, 1892, and $2,341,674.29 on the 30th of June, 1893, when Mr. Cleveland was President and a Democratic majority in both Houses of Congress had been elected, all pledged to repeal the McKinley Act and to reduce duties. That the McKinley Act did not produce more revenue in 1893 and 1894 is not a matter of surprise. Any tariff law denounced by the party in power, with a promise to repeal it and to reduce duties, would prevent importations under the old law and thus lower the revenue. Early in December, 1893, at the first regular session of Congress during Mr. Cleveland's term, a bill was formulated and, as soon as practicable, passed the House of Representatives.

That bill met the hearty approval of the President. If it had become a law as originally presented the deficiency in revenue would have been much greater than now; but conservative Democratic Senators, with the aid of Republican Senators, greatly improved the House bill, added other duties and changed the scope of the measure. With these amendments it became a law. The President refused to sign it, expressing his opposition to the Senate amendments, and yet now supports it when deficiencies have been greatly increased, when the public debt is increasing, and doubts are expressed as to the ability of the Government to maintain its notes at par with coin. The President makes no mention in his message of these deficiencies; no mention of the issue of interest-bearing bonds to meet them. The Secretary of the Treasury is more frank in his statement. He reports a deficiency of $69,803,260.58 during the fiscal year ended June 30, 1894, and for the year ended June 30, 1895, $42,805,223.18, and for the six months prior to December 1, 1895, $17,613,539.24; in all, $130,221,023.

McKINLEY AND WILSON LAWS COMPARED.

No complaint was made that the McKinley law "was inefficient for the purpose of revenue" when the Wilson bill was pending. The objection to the McKinley law was that it was a "protective tariff," and the Wilson bill was a "revenue tariff." I have a statement showing the receipts and expenditures under each law each month, the McKinley law from its passage to the election of Cleveland, and the Wilson law from its passage to December 1, 1895. During the twenty-five months of the McKinley law the average monthly surplus was $1,129,821. During the existence of the Wilson law the average monthly deficiency was $4,699,603. If the McKinley law was, in the opinion of the President, inefficient for revenue, he should have said of the Wilson law that it was bounteous in deficiencies.

Receipts and expenditures under McKinley law up to election of Fifty-third Congress and President Cleveland (October 1, 1890, to November 1, 1892), twenty-five months.

Months.	Receipts.	Expenditures.
1890—October	$39,222,174	$35,690,720
November	28,678,674	40,460,337
December	31,106,164	18,043,047
1891—January	36,810,233	21,470,967
February	29,273,173	29,445,669
March	29,027,455	29,062,737
April	25,465,231	23,791,107
May	27,289,305	27,690,326
June	31,631,849	33,628,103
July	34,158,244	38,100,294
August	28,773,281	19,537,484
September	27,165,554	22,267,037
October	28,448,562	30,650,810
November	26,802,887	26,156,047
December	27,646,515	30,424,724
1892—January	30,383,478	34,175,350
February	30,698,944	25,952,725
March	29,836,606	27,784,217
April	26,971,224	30,059,631
May	28,228,398	31,732,793
June	30,958,617	27,922,412
July	34,314,331	36,333,976
August	33,479,058	31,440,254

September	31,797,628	28,192,423
October	31,288,540	31,187,962
Total	$759,456,825	$731,211,184

Surplus, $28,245,641.

Average monthly surplus, $1,129,821.

Receipts and expenditures under Wilson law up to meeting of Fifty-fourth Congress (September 1, 1894 to December 1, 1895), fifteen months.

Months.	Receipts.	Expenditures.
1894—September	$22,621,228	$30,323,018
October	19,139,240	32,713,039
November	19,411,403	28,477,188
December	21,866,136	27,136,460
1895—January	27,804,399	34,523,447
February	22,888,057	25,636,035
March	25,470,475	25,716,957
April	24,247,836	32,990,676
May	25,272,078	27,918,982
June	25,615,474	21,683,029
July	29,069,697	38,548,063
August	28,962,696	32,588,184
September	27,549,678	24,320,481
October	27,901,748	34,503,425
November	25,986,503	27,112,708
Total	$373,796,648	$444,290,692

Deficiency, $70,494,044.

Average monthly deficiency, $4,699,603.

I beg the attention of Senators to the statistics I have presented. They are authentic and official. During the first year of the Wilson law the agricultural imports, all of which are such as are produced in the United States, the most common products of our farms, were of the value of $107,342,522. During the last year of the McKinley law the imports of the same farm products were of the value of $51,414,844. So under the Wilson law the imports of agricultural products, which we produce in the greatest abundance, were doubled in amount as compared with the amount imported under the McKinley law.

IMPORTATIONS UNDER THE WILSON LAW PAYABLE IN GOLD.

Notably, during the same time, the importation of two articles (that we can produce in the United States) under the Wilson law were wool, valued at $32,589,791, and hides, $24,623,239. Under the McKinley law wool valued at $6,299,934 and hides valued at $10,480,562 were imported. Importations of wool were increased under the Wilson law sixfold. It is no wonder that our sheep are being destroyed. The importation of hides under the present act increased two and one-half fold. The American farmer was thus deprived of his home market.

Other importations made during a year under the Wilson law of articles which we can readily produce in this country were valued at $263,684,513, while under the McKinley law the value of the same articles imported was $172,743,601.

The enormous importations under the Wilson law, for which we had to pay gold, necessarily diminished the exports of the United States. Our chief reliance in our foreign trade is to export our products, mainly agricultural, in sufficient quantity or more to pay for our imports, so that the balance of trade shall be in our favor. Under the Wilson law we exported in a year agricultural productions valued at $301,578,885, while during the last year of the McKinley law we exported similar productions valued at $371,125,299.

Statement showing the imports and exports of leading farm products during the first year of Wilson tariff compared with last year of McKinley tariff

(Compiled from official publications of Treasury).

AGRICULTURAL IMPORTS.

Articles.	Last year of McKinley law.	First year of Wilson law.
Animals	$986,359	$2,121,524
Breadstuffs	2,297,027	2,895,297
Eggs	161,328	341,284
Flax	1,101,347	2,545,610
Feathers	910,981	3,077,955
Fruits	4,659,364	5,333,499
Hay	846,739	1,658,331
Hemp	266,352	632,468
Hides	10,480,562	24,623,269
Hops	582,875	601,185
Provisions	1,824,709	2,037,535
Rice	2,566,089	3,497,166
Seeds	2,361,813	7,146,504
Tobacco	13,005,715	14,389,381
Vegetables	3,083,400	3,858,770
Wool	6,299,934	32,589,791
Total	51,414,844	107,342,522

AGRICULTURAL EXPORTS.

Hay	$924,916	$800,000
Hops	3,752,213	1,849,898
Vegetables	2,072,974	1,775,551
Oil cake and meal	9,442,045	3,070,032
Seeds	8,038,558	2,972,242
Corn	31,207,331	19,032,404
Wheat	67,793,499	52,339,232
Flour	78,062,212	59,226,244
Provisions	169,831,131	155,493,282
Total	371,125,299	301,578,885

Statement showing imports of manufactures during first year of Wilson law compared with last year of McKinley law.

Articles.	Last year of McKinley law.	First year of Wilson law.
Glass and glassware	$5,004,469	$7,066,125
Earthenware	6,302,686	9,793,131
Leather and manufactures	9,206,212	15,213,076
Wood and manufactures	16,870,581	19,070,141
Woolen manufactures	15,838,204	51,747,902
Textile grasses, manufactured	18,737,663	26,399,108
Silk and manufactures	22,741,982	30,911,884
Cotton manufactures	21,310,629	34,781,538
Iron manufactures	19,005,999	24,030,799
Chemicals	37,725,176	44,645,815
Total	172,743,601	263,684,513

It will thus will seen that under the McKinley law we exported more and under the other act less, the difference amounting to about $70,000,000. Therefore, the balance of trade necessarily turned against us. The deficiency of revenue was the primary cause of the demand for gold for United States notes. The gold hoarded for resumption purposes was not separated from the money received for current revenue, and this revenue being insufficient to meet expenses. the gold accumulated for redemption purposes was drawn upon to make good deficiencies.

PRESIDENT CLEVELAND'S BOND ISSUES.

It is strange that the President in dealing with our financial condition should ignore entirely the pregnant and controlling fact that during his term of office thus far three issues of bonds have been made, amounting in the aggregate to $162,315,400, to meet current expenses in time of profound peace. He attributes all our financial difficulties to the continued circulation of United States notes and Treasury notes, debts bearing no interest, amounting to nearly $500,000,000. His statement of the origin and history of the United States notes is strongly tinged with prejudice, for though these notes were irredeemable for a time, they were convertible into bonds bearing interest payable in coin. They replaced notes issued by banks chartered by the several States.

They were the best possible substitute for coin, and, in connection with the bonds of the United States, they furnished the means by which alone the Army and Navy could have been sustained during the war. After the war was over the question of the retirement of United States notes was mooted, but no party or section of our country demanded a cancellation of these notes. but differed as to the amount to be retained in circulation. The Democratic party then demanded the largest amount named, while a new party called the "Greenback party," demanded an unlimited issue without any provision for their redemption in coin. The Republican party provided, by the resumption act of 1875. for the reduction of United States notes to the maximum of $300,000,-

000, and their redemption in coin on and after the 1st day of January, 1879. This reduction was arrested by Congress when the amount of United States notes had been reduced to $346,681,016, when both Houses of Congress had Democratic majorities. Provision was made for the redemption of the United States notes by coin on demand and for their reissue, and authority was given to sell United States bonds for that purpose.

From the 1st day of January, 1879, to the election of Mr. Cleveland in November, 1892, there was no disturbance of the orderly receipt and exchange of gold and currency. The gold deposited in the Treasury in exchange for bonds in the summer and fall of 1878 amounted to $95,500,000. The ordinary current revenue in the Treasury conducted the vast operations of the Government without friction or trouble for nearly 14 years. United States notes were at par with coin not only in every part of the United States, but in every country in the world. During all that long period United States notes were presented for redemption, but in amounts comparatively insignificant.

REDEMPTION IN GOLD LARGELY INCREASED UNDER THE DEMOCRATIC ADMINISTRATION.

I have here a table, prepared by the Treasury Department, by which it appears that during 13 years, from the 1st of of July, 1879, to the 1st of July, 1892, the redemption of United States notes in gold averaged less than $3,000,000 a year, while during the last three and one-half years the redemption of United States notes and Treasury notes, exceeded $100,000,000 for each year. During the first 13 years gold was exported in large quantities, but it was not drawn from the reserve; but during the past three and a half years $360,000,000 was drawn from the reserve, and $305,000,000 exported. The balance, with the domestic supply of gold, was hoarded in the United States. I here insert a table showing the redemption of notes each year and the exports of gold.

Redemption in gold of United States notes and Treasury notes of 1890, and exports of gold from January 1, 1879, to December 1, 1895.

Fiscal year.	United States Notes.	Treasury Notes of 1890.	Total.	Exports of Gold.
1879 (6 months)	$7,976,698	....	$7,976,698	$4,587,614
1880	3,780,638	....	3,780,638	3,639,025
1881	271,750	....	271,750	2,565,132
1882	40,000	....	40,000	32,587,880
1883	75,000	....	75,000	11,600,888
1884	590,000	....	590,000	41,081,957
1885	2,222,000	....	2,222,000	8,477,892
1886	6,863,699	....	6,863,699	42,952,191
1887	4,224,073	....	4,224,073	9,701,187
1888	692,596	....	692,596	18,376,234
1889	730,143	....	730,143	59,952,285
1890	732.386	....	732.386	17,274,491

1891....................	5,986,070	....	5,986,070	86,362,654
1892....................	5,352,243	$3,773,600	9,125,843	50,195,327
1893....................	55,319,125	46,781,220	102,100,345	108,680,844
1894....................	68,242,408	16,599,742	84,842,150	76,978,061
1895....................	109,783,800	7,570,398	117,354,198	66,131,183
1896 (5 months)........	53,926,457	2,043,362	55,969,819	53,899,201
Total..............	$326,809,086	$76,768,322	$403,577,408	$695,044,046

The recent report of Secretary Carlisle shows that prior to 1891 the demand for coin for United States notes during a period of 13 years, from July 1, 1879, to July 1, 1892, was only $43,310,896, while the receipts of gold for United States notes during the same period amounted to $160,000,000. Gold was deposited and any kind of paper money was demanded. The withdrawals from the Treasury from July 1, 1892, to December 1, 1895, have amounted to $360,266,512.

I will read what he says in his report:

> The withdrawals from the Treasury between July 1, 1879, and July 1, 1892, amounted to $43,310,896, while the gross exports during the same time amounted to $389,354,757, showing that $346,043,861 was supplied from sources outside of the Treasury—

He is speaking of gold—

> but the withdrawals from July 1, 1892, to December 1, 1895, have amounted to $360,266,512 and the gross exports have amounted to $305,617,419, from which it appears that the Government has furnished a sum equal to the whole export and $54,649,093 in addition. While the Government has thus been compelled during the last three and a half years not only to furnish gold from the Treasury for export to other countries, but also a large amount for the use of our people at home, its receipts of gold on account of customs and other taxes have been constantly diminishing since July 12, 1890, and have now entirely ceased.

FLUCTUATION OF GOLD IN THE TREASURY.

I have a graphic map attached to the Secretary's report of 1894, which shows the amount of gold in the Treasury from 1879 to July 1, 1894. It steadily and almost continuously increased from $140,000,000 on the 1st of January, 1879, to $300,000,000 on the 1st of January, 1891. It then steadily decreased to the 1st of July, 1894, when it was reduced to $125,000,000, and, though replenished by the large sale of bonds, it was reduced December 31, 1895, to the sum of $64,204,651.

During the first term of Mr. Cleveland, when he was powerless to affect our currency and tariff policy, the Senate being Republican, the gold increased from $240,000,000 on the 1st of April, 1885, to $320,000,000 on the 1st of April, 1889. This gold came into the Treasury without cost in exchange for United States notes or gold certificates.

It is just to Mr. Carlisle to say that he attributes the withdrawal of gold to silver legislation, yet the Bland-Allison act was in force from 1878 to 1890, when the accumulation of gold occurred, and the great body of gold was withdrawn after the act of July 14, 1890, was repealed. In 1880, while I was Secretary of the Treasury, the Government received over $60,000,000 of gold in exchange for silver certificates and United States notes; and yet this was done after the Bland-Allison Act was in force, and the silver certificates had been issued under that act. United States notes and silver certificates were more convenient to purchase cotton and corn, and when maintained at parity with coin will always be preferred in large commercial transactions as well as in the current business of life.

ISSUE OF BONDS TO RETIRE TREASURY NOTES.

The President demands the retirement and cancellation of all the United States notes and Treasury notes by the sale of bonds of the United States bearing interest. In his annual message he says:

> In anticipation of impending trouble, I had, on the 28th day of January, 1895, addressed a communication to the Congress fully setting forth our difficulties and dangerous position, and earnestly recommending that authority be given the Secretary of the Treasury to issue bonds bearing a low rate of interest, payable by their terms in gold, for the purpose of maintaining a sufficient gold reserve, and—

Here is the important part—

> also for the redemption and cancellation of outstanding United States notes and the Treasury notes issued for the purchase of silver under the law of 1890. This recommendation did not, however, meet with legislative approval.

He might have said that it was rejected by both Houses of Congress, each containing a majority of his political friends. With the experience of fourteen years, the people of the United States, as well as their representatives, were almost unanimously in favor of a currency so easily maintained at par in coin by the promise of the United States to pay it in coin and by holding in the Treasury $100,000,000 gold coin for its redemption when presented. No one contemplated that this reserve would be used to pay current expenditures. In all our legislation since the war ample means were provided to meet current expenditures without trenching upon this reserve, and it was not encroached upon until Mr. Cleveland became President. Instead of demanding more revenue, he urged the reduction of duties and secured the passage of a law which reduced the revenue and forced the Treasury to encroach upon the redemption fund to meet current obligations. If this policy is adopted to compel the people of the United States to surrender the best paper currency they have ever enjoyed, it will fail. If revenue is wanted to meet current expenditures, it will be furnished, either by taxation or by borrowing, or by both; but to create deficiencies in order to compel the cancellation of United States notes by the issue of bonds, will not, in the language of the President, "meet with legislative approval."

Mr. Cleveland in his message complains that when notes are presented for redemption and are redeemed the law requires that they—

> shall belong to the United States, they shall not be retired, canceled, or destroyed, but they shall be reissued and paid out again and kept in circulation.

THE RIGHT TO RE-ISSUE A CIRCULATING NOTE.

The right to reissue is a necessary incident to a circulating note. The United States does what every bank does. By this provision it furnishes a note for circulation better than any other yet devised by mortal man.

He also says:

> The Government was put in the anomalous situation of owing to the holders of its notes debts payable in gold on demand which could neither be retired by receiving such notes in discharge of obligations due the Government, nor canceled by actual payment in gold. It was forced to redeem without redemption and to pay without acquittance.

It seems to me that when the Government redeems its note the former holder of the note has no right to say whether it shall be reissued or not. The last sentence is without meaning. If the United States redeems its note the holder has nothing more to say, and when the United States pays out a note it always takes a receipt, which is an acquittance.

The President says that—

> in April, 1893, for the first time since its establishment, this reserve amounted to less than $100,000,000, containing at that date only $97,011,330.

This significant statement made as to the earliest days of his Administration should have excited in the mind of the President an inquiry into the cause of the reduction of the reserve. The real reserve for redemption purposes was the proceeds of $95,500,000 bonds and no more. In addition to this reserve it is necessary to have on hand to meet current expenditures the sum of from twenty to forty million dollars. At certain periods a large balance is accumulated to pay the interest of the public debt and other large disbursements for the Army and Navy. Any excess should be at once applied to the reduction of the principal of the public debt. This line of public policy was continued from the 1st of January, 1879, to the 4th of March, 1893, including the first Administration of Mr. Cleveland. During this period many times more gold was deposited in the Treasury than was paid out. Large amounts of gold were deposited in the Treasury for gold certificates. The public debt was largely diminished. Not a shadow of doubt had been cast upon the ability of the Government to redeem its notes or to maintain its reserves. The minimum never fell below $100,000,000.

WHAT SHOULD BE DONE WITH REDEEMED NOTES.

It is but fair to state that the resumption act of 1875 did not segregate the resumption fund from the general balance, nor did it provide that notes redeemed should be held in place of the coin paid out. The then Secretary of the Treasury, in his annual report to Congress, on the 6th of December, 1880, pointed out these defects in the resumption law. He said:

> The Secretary expresses the utmost confidence that without new legislation the entire amount of United States notes now authorized and outstanding can be easily maintained at par in coin, even if the present favorable financial condition should change; but in order to accomplish this the coin reserve must be kept unimpaired, except by such payments as may be made from it in redemption of notes. Notes redeemed should be temporarily held, in place of coin paid out, especially if it ap-

pears that the call for coin is greater in amount than the coin coming in due course into the Treasury or the mints.

* * * * * * * * * *

It is suggested that Congress might define and set apart the coin reserve as a special fund for resumption purposes. The general available balance is now treated as such a fund; but as this balance may, at the discretion of the Secretary of the Treasury, be unduly drawn upon for the purchase or payment of bonds, it would appear advisable that Congress prescribe the maximum and minimum of the fund.

This advice, given in 1880, was not needed, at least until the present Administration came into power, and now it is very sorely needed by them. Congress neglected to enact into law the measures proposed, but neither the Congress nor the Secretary of the Treasury anticipated that the time would come when this fund would be applied to pay the current deficiencies in the revenue amounting in two and a half years to $162,000,000. Both the President and the Secretary say that no provision had been made by law for the happening of such deficiencies and that their only resort was the general fund in the Treasury, composed of the resumption fund and the general balance in the Treasury. But it is due to truth to say that in February, 1893, a short time before the close of the Fifty-second Congress, when Mr. Carlisle was a member of the Committee on Finance of the Senate and it was known that he was to be Secretary of the Treasury, and when the probabilities of a deficiency became apparent, that committee, upon my motion, with the approbation of Mr. Carlisle, reported an amendment to an appropriation bill as follows:

To enable the Secretary of the Treasury to provide for and to maintain the redemption of United States notes according to the provisions of the act approved January 14, 1875, entitled "An act to provide for the resumption of specie payments," $50,000; and, at the discretion of the Secretary, he is authorized to issue, sell and dispose of, at not less than par in coin, either of the description of bonds authorized in said act, or bonds of the United States bearing not to exceed 3 per cent. interest, payable semi-annually and redeemable at the pleasure of the United States after five years from their date with like qualities, privileges and exemptions provided in said act for the bonds therein authorized, to the extent necessary to carry said resumption act into full effect, and to use the proceeds thereof for the purposes provided in said act and none other.

REDUCTION OF REVENUES BY THE FIFTY-THIRD CONGRESS.

This amendment is practically and substantially the bill now pending in the Senate. The amendment was adopted by the Senate. It went to the House of Representatives and was there referred, without a vote, to a committee of conference, which rejected it, and, as it was understood at the time, with the approval of Mr. Carlisle, who said it was unnecessary. No deficiency at that time existed, but it was manifest that the policy of the incoming Administration would create a deficiency. If that amendment had become a law the Secretary could easily have maintained the reserve and met deficiencies as they occurred by the proceeds of the bonds described in it.

Nor would deficiencies have occurred had not the President and both Houses of the Fifty-third Congress, then in political sympathy, united in passing a law reducing the revenue below expenditures for the first time since the close of the war, and compelled the executive authorities to apply a fund created for the redemption of United States notes to meet the ordinary expenses of the Government. This demonstrated fact is the source and fountain of all our present financial difficulties.

Congress neglected to cure the defects pointed out by me as Secretary of the Treasury in December, 1880, but I hope will correct them now at the request of the President. It was not then anticipated that a deficiency of revenue would occur or that if it did occur the Government would use a fund specifically pledged for another purpose to meet current liabilities. Notes once redeemed should only be reissued for gold coin, and such reissues should be mandatory when coin is deposited in the Treasury. With this provision of law the scarcity of currency would create such a demand for it that coin would be freely deposited in exchange for the more profitable and current notes of the United States.

THE REDEMPTION FUND SHOULD BE SEGREGATED.

The resumption fund should be segregated from all other moneys of the United States and paid out only in redemption of United States notes. With such provision in the law the resumption fund could not be invaded to meet deficiencies in the revenue. They should be provided for by bonds or certificates of indebtedness of small denominations at a low rate of interest, which would be readily taken by the people through national banks, subtreasuries, and post offices.

There seems to be a misapprehension of the difficulties of maintaining the redemption of United States notes. The nominal volume of these is $346,681,016. This is the reduced volume from the maximum outstanding during the civil war of $450,000,000. But this sum of $346,000,000 includes all the notes lost and destroyed by casualty since the first issue in 1862. The amount thus lost has been estimated from $20,000,000 to $40,000,000, reducing the notes outstanding to $320,000,000, or less. The national banks in certain large cities are required to keep on hand in lawful money of the United States an amount equal to at least 25 per cent. of the aggregate amount of their notes in circulation and their deposits, and all other banking associations are required at all times to have on hand in lawful money of the United States an amount equal to at least 15 per cent. of the aggregate amount of their notes in circulation and of their deposits. Under this law the national banks now hold for the redemption of their notes and the security of their deposits the sum of over $93,000,000 in lawful money almost exclusively in United States notes, and this money cannot be withdrawn by any bank without reducing their notes in circulation and their deposits from four to six fold the amount of their withdrawal. The actual amount of United States notes now in circulation among the people cannot exceed $227,000,000, and this is scattered among 65,000,000 people who cherish this money with confidence and faith as the best money they have ever had. With a provision in the law that notes redeemed with coin shall not be reissued except for coin the value and stability of our currency can never be endangered.

As the term "lawful money" includes gold coin there is a disposition by timid banks to convert their United States notes into coin, thus aiding in depleting the redemption reserve. This has been done to the extent of forty to fifty million dollars. This ought to be prevented by a provision of law that the bank reserve of lawful money shall be United States notes or Treasury notes only. The banks can redeem their notes with Treasury notes and United States notes, because the law expressly makes those notes a legal-tender for that purpose. It is a bad sign when the banks seek to embarrass the Government in order to convert their greenbacks into gold, and I trust it will be discontinued. It has not gone further than the amount I have mentioned, which is about $40,000,000.

THE COMMENCEMENT OF THE "CONTINUOUS CIRCUIT."

The President complains that the notes are presented and paid, reissued, and paid again and again, making a continuous circuit. When did this circuit commence? The only answer is, when this Administration, supported by the last Congress, created a deficiency. Why does the circuit continue? It is because the deficiency continues. The Government resorts to the financial policy of Micawber. It gives its bonds and thinks the debt paid. But the circuit continues. The money received for current revenue is paid to cover deficiencies and is returned for gold, and then more bonds. The Secretary hopes that in two or three years there will be no deficiency. What is the ground for this hope? It is that a new Administration will provide more revenue, and then the circuit will be broken. Why not apply the remedy now?

If deficiencies occur Congress should immediately supply the means to meet them, and Congress, and not the Administration, must be the judge of the mode and manner of relief. The invasion and misapplication of the resumption fund is of infinitely greater injury to our people than the imposition of ten times the amount of taxation.

It is said that the law for their continued reissue is mandatory. That is not a fair construction of the law. The plain meaning of it is that the redemption of the notes shall not cause their cancellation. They are placed on the footing of bank notes. What solvent bank would reissue its notes when there was a run upon it? It would hold them until the demand ceased. The Government ought to exercise the same prudence. The President is of the opinion that the United States notes and Treasury notes should be retired and give place to bank notes. This is a question for Congress to decide. It is certainly not of that opinion now, nor was the last Congress of that opinion. Outside of a few large cities where banking facilities are abundant and business is conducted by checks and commercial paper, there is no desire for the retirement of national paper money. It is not right for the executive authorities to discredit this money by using it for current deficiencies. It was the use and dispersion of the redemption fund that created the circle of which he complains.

I believe that under existing law the aggregate sum of United States notes and Treasury notes issued under the act of 1890, amounting to about $460,000,000, can be easily maintained at par with coin if the two amendments I have mentioned are adopted by Congress.

Blaine's Reply to Gladstone.

FREE TRADE OR PROTECTION?

FROM

Remarks on Banking and Currency

BY

HON. JAMES S. SHERMAN

OF NEW YORK,

In the House of Representatives,

WASHINGTON, D. C.,

June 8, 1896.

BLAINE'S REPLY TO GLADSTONE.

FREE TRADE OR PROTECTION?

Mr. Speaker. As supplemental to my remarks I add as an appendix the article on "Free Trade or Protection?" being the reply of the Hon James G. Blaine to the Hon William E. Gladstone, and published in the North American Review for January, 1890, the copyright of which is in the North American Review and has been very kindly granted me for this purpose by Mr. Lloyd Brice, of the North American Review. Mr. Blaine was for many years possibly our foremost, certainly one of our greatest, citizens. He has now gone from us, but his words, his counsels, his opinions will bear weight—a greater weight with each succeeding generation of his fellow-citizens who recognize in him a typical, intense and far-sighted American.

FREE TRADE OR PROTECTION?—BLAINE'S REPLY TO GLADSTONE.

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There can be no doubt that Mr. Gladstone is the most distinguished representative of the free-trade school of political economists. His addresses in Parliament on his celebrated budget, when chancellor of the exchequer, in 1853, were declared by Lord John Russell "to contain the ablest exposition of the true principles of finance ever delivered by an English statesman." His illustrious character, his great ability and his financial experience point to him as the leading defender of free trade applied to the industrial system of Great Britain.

Mr. Gladstone apologizes for his apparent interference with our affairs. He may be assured that apology is superfluous. Americans of all classes hold him in honor; free traders will rejoice in so eminent an advocate, and protectionists, always the representatives of liberality and progress, will be glad to learn his opinions upon a question of such transcendent importance to the past, the present and the future of the Republic.

Perhaps the most remarkable feature in the argument of Mr. Gladstone, as indeed of every English free trader except John Stuart Mill, is the universality of application which he demands for his theory. In urging its adoption he makes no distinction between countries; he takes no account of geographical position—whether a nation be in the Eastern or the Western hemisphere, whether it be north or south of the Equator; he pays no heed to climate or product or degree of advancement; none to topography—whether the country be as level as the delta of the Nile or as mountainous as the Republic of Bolivia; none to pursuits and employments, whether in the agricultural, manufacturing,, or commercial field; none to the wealth or poverty of a people; none to population, whether it be crowded or sparse; none to area, whether it be as limited as a German principality or as extended as a continental empire. Free trade he believes advantageous for England; therefore, without the allowance of any modifying condition, great or small, the English economist declares it to be advantageous for the United States, for Brazil, for Australia; in short, for all countries with which England can establish trade relations. It would be difficult, if not impossible, for Mr. Gladstone to find any principle of administration or any measure of finance so exactly fitted to the varying needs of all countries as he assumes the policy of free trade to be. Surely it is not unfair to maintain that, deducing his results from observation and experience in his own country, he may fall into error and fail to appreciate the financial workings of other countries geographically remote and of vastly greater area.

AMERICAN PROTECTIONIST VS. ENGLISH FREE TRADER.

The American protectionist, let it not be discourteous to urge, is broader in his views than the English free trader. No intelligent protectionist in the United States pretends that every country would alike realize advantage from the adoption of the protective system. Human government is not a machine, and even machines can not be so perfectly adjusted as to work with equal effectiveness at all times and under all conditions. Great Britain and the United States certainly resemble one another in more ways than either can be said to resemble any other nation in the world; yet when we compare the two on the question at issue the differences are so marked that we almost lose sight of the resemblance. One is an insular monarchy with class government; the other a continental Republic with popular government. One has a large population to the square mile; the other has a small population to the square mile. One was old in a rich and complex civilization before the establishment of the other was even foreseen. One had become the wealthiest nation of the world while the other was yet in the toils and doubts of a frontier life and a primitive civilization. One had extensive manufactures for almost every field of human need, with the civilized world for its market, while the population of the other was still forced to divide its energies between the hard calling of the sea and the still harder calling of a rude and scantily remunerative agriculture.

The physical differences between the two countries are far more striking than the political and social differences. They are, indeed, almost incalculable. Great Britain is an island less than 90,000 square miles in extent. It lies in the far north. Its southermost point is nearly 30 degrees of latitude above the tropics. Its northernmost point is but 9 degrees below the Arctic Circle. Within its area the exchange of natural products is necessarily limited. Its life depends upon its connection with other countries. Its prosperity rests upon its commerce with the world. On the other hand, a single State of the Union is nearly three times as large as Great Britain. Several other States are each quite equal to it in area. The whole Union is well-nigh forty times as large. Alaska excepted, the northernmost point of the Union is but 60 miles south of the southernmost part of Great Britain, and the southernmost point of the Union is but little more than 100 miles from the tropics. Its natural products are more varied, more numerous and of more valuable character than those of all Europe. To quote one of Mr. Gladstone's phrases, we constitute "not so much a country in ourselves as a world." He tells us that we carry on "the business of domestic exchanges on a scale such as mankind has never seen." Our foreign commerce, very large in itself, is only as 1 to 25 compared to our internal trade. And yet Mr. Gladstone thinks that a policy which is essential to an island in the northern ocean should be adopted as the policy of a country which even to his own vision, is "a world within itself."

With these fundamental points of difference between the two countries I assume that varied financial and industrial systems, wrought by the experience of each, would be the natural and logical result. Hence I do not join issue with Mr. Gladstone on both of his propositions. He defends free trade in Great Britain. He assails protection in the United States. The first proposition I neither deny nor affirm. Were I to assume that protection is in all countries and under all circumstances the wisest policy I should be guilty of an error similar to that which I think Mr. Gladstone commits. It might be difficult to prove that free trade is not the wisest financial policy for Great Britain. So far from guarding herself against material imported from other countries, her industrial system would wither and die if foreign products were withheld for even a brief period. She is in an especial degree dependent upon the products of other nations. Moreover, she does not feel bound to pay heed to the rate of wages which her labor may receive. That, like the fabrics which her labor creates, must take its chance in the markets of the world.

On many points and in many respects it was far different with Great Britain a hundred years ago. She did not then feel assured that she could bear the competition of Continental nations. She was, therefore, aggressively, even cruelly, protective. She manufactured for herself and for her network of colonies reaching around the globe. Into those colonies no other nation could carry anything. There was no scale of duty upon which other nations could enter a colonial port. What the colonies needed outside of British products could be furnished to them only in British ships. This was not protection! It was prohibition, absolute and remorseless, and it was continued even to the day when Mr. Gladstone entered upon his long and splendid career in Parliament. It was not broken, though in some respects it was relaxed, until in the fullness of time British energy had carried the wealth and the skill of the Kingdom to the point where no competition could be feared.

GREAT BRITAIN'S PROSPERITY UNDER PROTECTION.

During the last thirty years of her protective system, and especially during the twenty years from 1826 to 1846, Great Britain increased her material wealth beyond all precedent in the commercial history of the world. Her development of steam power gave to every British workman the arms of Briareus, and the inventive power of her mechanicians increased the amount, the variety, and the value of her fabrics beyond all anticipation. Every year of that period witnessed the addition of millions upon millions of sterling to the reserve capital of the Kingdom; every year witnessed a great addition to the effective machinery whose aggregate power was already the wonder of the world. The onward march of her manufacturing industries, the steady and rapid development of her mercantile marine, absorbed the matchless enterprise and energy of the Kingdom. Finally, with a vast capital accumulated, with a low rate of interest established, and with a manufacturing power unequaled, the British merchants were ready to underbid all rivals in seeking for the trade of the world.

At that moment Great Britain had reason to feel supremely content. She found under her own flag, on the shores of every ocean, a host of consumers whom no man might number. She had Canada, Australia and India with open ports and free markets for all her fabrics; and more than all these combined, she found the United States suddenly and seriously lowering her tariff and effectively abolishing protection at the very moment England was declaring for free trade. The traffic of the world seemed prospectively in her control. Could this condition of trade have continued, no estimate of the growth of England's wealth would be possible. Practically it would have had no limit. Could she have retained her control of the markets of the United States as she held it for the four years preceding the outbreak of the civil war, the American people would have grown commercially dependent upon her in a greater degree than in Canada or Australia to-day.

But England was dealing with an intelligence equal to her own. The American people had, by repeated experi ence, learned that the periods of depression in home manufactures were those in which England most prospered in her commercial relations with the United States, and that these periods of depression had with a single exception, easily explained, followed the enactment by Congress of a free-trade tariff* as certainly as effect follows cause. One of the most suggestive experiments of that kind had its origin in the tariff to which I have just referred, passed in 1846 in apparent harmony with England's newly declared financial policy. At that moment a Southern President (Mr. Polk) and a Southern Secretary of the Treasury (Mr. Robert J. Walker) were far more interested in expanding the area of slave territory than in advancing home manufactures, and were especially eager to make commercial exchanges with Europe on the somewhat difficult basis of cotton at high prices and returning fabrics at low prices.

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*The phrase "free-trade tariff" involves a contradiction of terms. It is used to designate that form of duty which is levied with no intention to protect domestic manufactures.

AIDS TO FREE TRADE, 1846–56.

Under ordinary circumstances the free-trade tariff of 1846 would have promptly fallen under popular reprobation and been doomed to speedy repeal. But it had a singular history, and for a time was generally acquiesced in, even attaining in many sections a certain degree of popularity. Never did any other tariff meet with so many and so great aids of an adventitious character to sustain it as did this enactment of 1846. Our war with Mexico began just as the duties were lowered, and the consequence was the disbursement of more than $100,000,000 in a way that reached all localities and favorably affected all interests. This was a great sum of money for that period, and for the years 1846, 1847 and 1848 it considerably more than doubled the ordinary outlay of the Government. In the middle of this period the Irish famine occurred and called for an immense export of breadstuffs at high prices. The discovery of gold in California the succeeding year flushed the channels of business as never before by rapidly enlarging the circulation of coin in all parts of the country. Before this outpouring of gold had ceased the three great nations of Europe, as precedence was reckoned at that time—England, France and Russia—entered upon the Crimean war. The export of manufactures from England and France was checked; the breadstuffs of Russia were blockaded and could not reach the markets of the world. An extraordinary stimulus was thus given to all forms of trade in the United States. For ten years, 1846 to 1856, these adventitious aids came in regular succession and exerted their powerful influence upon the prosperity of the country.

PRESIDENTIAL CONDEMNATION OF FREE TRADE RESULTS.

The withdrawal or termination of these influences by a treaty of peace in Europe and by the surcease of gold from California placed the tariff of 1846 where a real test of its merits or its demerits could be made. It was everywhere asked with apprehension and anxiety: Will this free-trade tariff now develop and sustain the business of the country as firmly and securely as it has been developed and sustained by protection? The answer was made in the ensuing year by a widespread financial panic, which involved the ruin of thousands, including proportionately as many in the South as in the North, leaving the country disordered and distressed in all the avenues of trade. The disastrous results of this tariff upon the permanent industries of the country are described in President Buchanan's well-remembered message, communicated to Congress after the panic: "With unsurpassed plenty in all the elements of national wealth, our manufacturers have suspended, our public works are retarded, our private enterprises of different kinds are abandoned, and thousands of useful laborers are thrown out of employment and reduced to want." This testimony as to the result of a free-trade tariff is all the more forcible from the fact that Mr. Buchanan, as a member of President Polk's Cabinet, had consented to the abandonment of protection, which in his earlier career he had earnestly supported.

If these disasters of 1857, flowing from the free trade tariff, could have been regarded as exceptional, if they had been without parallel or precedent, they might not have had so deadly a significance. But the American people had twice before passed through a similar experience. On the eve of the war of 1812 Congress guarded the national strength by enacting a highly protective tariff. By its own terms this tariff must end with the war. When the new tariff was to be formed a poular cry arose against "war duties," though the country had prospered under them despite the exhausting effect of the struggle with Great Britain. But the prayer of the people was answered and the war duties were dropped from the tariff of 1816. The business of the country was speedily prostrated. The people were soon reduced to as great distress as in that melancholy period between the close of the Revolutionary war and the organization of the National Government—1783 to 1789. Colonel Benton's vivid description of the period of depression following the reduction of duties comprises in a few lines a whole chapter of the history of free trade in the United States:

"No price for property, no sales except those of the Sheriff and the marshal, no purchasers at execution sales except the creditor or some hoarder of money, no employment for industry, no demand for labor, no sale for the products of the farm, no sound of the hammer except that of the auctioneer knocking down property. Distress was the universal cry of the people, relief the universal demand."

PROTECTIVE TARIFF BROUGHT RELIEF.

Relief came at last with the enactment of the protective tariff of 1824, to the support of which leading men of both parties patriotically united for the common good. That act, supplemented by the act of 1828, brought genuine prosperity to the country. The credit of passing the two protective acts was not due to one party alone. It was the work of the great men of both parties. Mr. Clay and General Jackson, Mr. Webster and Mr. Van Buren, General William Henry Harrison and Richard M. Johnson, Silas Wright and Louis McLane voted for one or the other of these acts and several of them voted for both. The co-operation of these eminent men is a great historic tribute to the necessity and value of protection. Plenty and prosperity followed as if by magic the legislation to which they gave their support. We have their concurrent testimony that the seven years preceding the enactment of the protective tariff of 1824 were the most discouraging which the young Republic in its brief life had encountered, and that the seven years which followed its enactment were beyond precedent the most prosperous and happy.

Sectional jealousy and partisan zeal could not endure the great development of manufactures in the North and East which followed the apparently firm establishment of the protective policy. The free trade leaders of the South believed—at least they persuaded others to believe—that the manufacturing States were prospering at the expense of the planting States. Under the lead of Calhoun South Carolina rebelled and President Jackson, who had so strikingly shown his faith in the policy of protection, was not able to resist the excitement and resentment which the free traders had created in the cotton States. He stood between hostile policies, represented by his two bitterest personal enemies—Clay for protection, Calhoun for free trade. To support Clay would ruin Jackson politically in the South. He could not sustain Calhoun, for, aside from his opposition to free trade, he had cause for hating him personally. He believed, moreover, that Calhoun was at heart untrue to the Union, and to the Union Jackson was as devoted as Clay. Out of this strange complication came, not unnaturally, the sacrifice of the protective tariff of 1824-1828 and the substitution of the compromise tariff of 1833, which established an ad valorem duty of 20 per cent. on all imports and reduced the excess over that by a 10 per cent. annual sliding scale for the ensuing ten years. Like all compromises, it gave complete satisfaction to neither party, but it was received with general acquiescence from the belief that it was the best practical solution of the impending difficulties. The impending difficulties were two. One was the portentous movement which involved the possibility of dissolving the Union. The other was the demand for a free trade tariff as the only measure that could appease the Southern nullifiers. Disunion and free trade from that time became associated in the public mind—a source of apprehension in the North, a source of political power in the South. Calhoun was the master spirit who had given the original impulse both to disunion and free trade. Each in turn strengthened the other in the South, and both perished together in the war of the rebellion.

For a time satisfaction was felt with the tariff adjustment of 1833, because it was regarded as at last a temporary reconciliation between two sections of the Union. Before the sliding scale was ruinously advanced there was great stimulus to manufacturing and to trade, which finally assumed the form of dangerous speculation. The years of 1834, 1835 and 1836 were distinguished for all manner of business hazard, and before the fourth year opened the 30 per cent. reduction (three years of 10 per cent. each) on the scale of duties was beginning to influence trade unfavorably. The apprehension of evil soon became general, public confidence was shaken, the panic of 1837 ensued, and business reversals were rapid, general and devastating.

The trouble increased through 1838, 1839 and 1840, and the party in power, held resposible for the financial disasters, fell under popular condemnation. Mr. Van Buren was defeated and the elder General Harrison was elevated to the Presidency by an exceptionally large majority of the electoral votes. There was no relief to the people until the protective tariff of 1842 was enacted, and then the beneficent experience of 1824 was repeated on even a more extensive scale. Prosperity, wide and general, was at once restored. But the reinstatement of the Democratic party to power two years later by the election of Mr. Polk to the Presidency, followed by a perverse violation of public pledges on the part of the men in important places of administration, led to the repeal of the protective act and the substitution of the tariff of 1846, to which I have already adverted, and whose effects upon the country I have briefly outlined.

FREE TRADE BROUGHT DISASTERS; PROTECTION BROUGHT PROSPERITY.

Measuring, therefore, from 1812, when a protective tariff was enacted to give strength and stability to the Government in the approaching war with Great Britain, to 1861, when a protective tariff was enacted to give strength and stability to the Government in the impending revolt of the Southern States, we have fifty years of suggestive experience in the history of the Republic. During this long period free trade tariffs were thrice followed by industrial stagnation, by financial embarrassment; by distress among all classes dependent for subsistence upon their own labor. Thrice were these burdens removed by the enactment of a protective tariff. Thrice the protective tariff promptly led to industrial activity, to financial ease, to prosperity among the people. And this happy condition lasted in each case, with no diminution of its beneficent influence, until illegitimate political combinations, having their origin in personal and sectional aims, precipitated another era of free trade. A perfectly impartial man, unswerved by the excitement which this question engenders in popular discussion, might safely be asked if the half century's experience, with its three trials of both systems, did not establish the wisdom of protection in the United States. If the inductive method of reasoning may be trusted, we certainly have a logical basis of conclusion in the facts here detailed.

And by what other mode of reasoning can we safely proceed in this field of controversy? The great method of Bacon was by "rigid and pure observation, aided by experiment and fructified by induction." Let us investigate "from effects to causes, and not from causes to effects.'' Surely it is by a long series of experiments, and by that test only, that any country can establish an industrial system that will best aid in developing its hidden wealth and establishing its permanent prosperity. And each country must act intelligently for itself. Questions of trade can no more be regulated by an exact science than crops can be produced with accurate forecast. The unknown quantities are so many that a problem in trade or agriculture can never have an absolute answer in advance. But Mr. Gladstone, with an apparent confidence in results as unshaken as though he were dealing with the science of numbers, proceeds to demonstrate the advantage of free trade. He is positively certain in advance of the answer which experiment will give, and the inference is that nothing is to be gained by awaiting the experiment. Mr. Gladstone may argue for Great Britain as he will, but for the United States we must insist on being guided by facts and not by theories; we must insist on adhering to the teachings of experiments which "have been carried forward by careful generalization to well-grounded conclusions."

CAUSES OF THE PANIC OF 1873.

As an offset to the charge that free-trade tariffs have always ended in panics and long periods of financial distress, the advocates of free trade point to the fact that a financial panic of great severity fell upon the country in 1873, when the protective tariff of 1861 was in full force, and that, therefore, panic and distress follow periods of protection as well as periods of free trade.

It is true that a financial panic occurred in 1873, and its existence would blunt the force of my argument if there were not an imperatively truthful way of accounting for it as a distinct result from entirely distinct causes. The panic of 1873 was widely different in its true origin from those which I have been exposing. The civil war, which closed in 1865, had sacrificed on both sides a vast amount of property. Reckoning the money directly expended, the value of property destroyed, and the production arrested and prevented, the total is estimated to be nine thousand millions of dollars. The producers of the country had been seriously diminished in number. A half million men had been killed. A million more had been disabled in various degrees. Help was needed in the honorable form of pensions, and the aggregate required for this purpose exceeded all anticipation, and has annually absorbed an immense proportion of the national income. The public debt that must be funded reached nearly three thousand millions, demanding at the beginning more than $150,000,000 for annual interest. A great proportion of the debt, when funding was complete, was held in Europe, calling for an enormous export of gold or its equivalent, to meet the interest.

Besides these burdens upon the people, the country was on a basis of paper money, and all gold payments added a heavy premium to the weight of the obligation. The situation was without parallel. The speculative mania which always accompanies war had swollen private obligations to a perilous extent, and the important question arose of restoring coin payment. On the one hand it was contended that to enforce the measure would create a panic by the shrinkage of prices which would follow; and on the other hand it was urged with equal zeal that to postpone it longer would increase the general distrust among the people as to the real condition of the country, and thus add to the severity of the panic, if one should be precipitated.

Notwithstanding the evil prophecies on both sides, the panic did not come until eight and a half years after the firing of the last gun in the civil war. Nor did it come until after two great calamities in the years immediately preceding had caused the expenditure of more than $200,000,000, suddenly withdrawn from the ordinary channels of business. The rapid and extensive rebuilding in Chicago and Boston after the destructive fires of 1871 and 1872 had a closer connection with the panic of 1873 than is commonly thought. Still further, the six years' depression, from 1873 to 1879, involved individual suffering rather than general distress. The country as a whole never advanced in wealth more rapidly than during that period. The entire experience strengthened the belief that the war for the Union could not have been maintained upon a free-trade basis, and that the panic of 1873 only proved the strength of the safeguard which protection supplies to a people surrounded by such multiform embarrassments as were the people of the United States during the few years immediately following the war. And, strongest of all points, the financial distress was relieved and prosperity restored under protection, whereas the ruinous effects of panics under free trade have never been removed except by a resort to protection.

Does Mr. Gladstone maintain that I am confusing post hoc with propter hoc in these statements? He must show, then, that the United States during the war could have collected a great internal revenue on domestic manufactures and products, when under the system of free trade similar fabrics would daily have reached New York from Europe to be sold at prices far below what the American manufacturer, with the heavy excise then levied, could afford to set upon his goods. And if the Government could collect little from the customs under free trade and nothing from internal products, whence could have been derived the taxes to provide for the payment of interest on public loans, and what would have become of the public credit? Moreover, with free trade, which Mr. Gladstone holds to be always and under all circumstances wiser than protection, we should have been compelled to pay gold coin for European fabrics, while at home and during the tremendous strain of the war legal-tender paper was the universal currency In other words, when the life of the country depended upon the Government's ability to make its own notes perform the function of money the free-traders' policy would have demanded daily gold for daily bread.

COMPARISON OF PROTECTION AND FREE TRADE PERIODS.

The free trader cannot offset the force of the argument by claiming that the laws regulating revenue and trade are, like municipal laws, silent during the shock of arms, because the five closing years—indeed, almost six years—of the decade in which the rebellion occurred were passed in peace, and during those years the ravages of war were in large degree repaired and new wealth rapidly acquired. But I shall not give to Mr. Gladstone or to the American free trader the advantage of seeming to rest the defense of protection upon its marvelous value during the exhaustive period of war. Viewing the country from 1861 to 1889—full 28 years—the longest undisturbed period in which either protection or free trade has been tried in this country, I ask Mr. Gladstone if a parallel can be found to the material advancement of the United States?

Mr. Gladstone admits the wonderful increase of wealth acquired under a protective tariff, but he avers that the results would have been larger under free trade. That, of course, is a speculative opinion, and is entitled to respect according to the knowledge and experience of the man who utters it. Every statement of Mr. Gladstone carries weight, but in this case his opinion runs directly counter to the fifty years of financial experience through which this country has passed with alternate trials of the two system. Moreover, it is fair to say that Mr. Gladstone does not in his utterance represent European judgment. He speaks only for the free-trade party of Great Britain and their followers on this side of the ocean. The most eminent statesman on the Continent of Europe holds opinions on this subject directly the reverse of those held by the most eminent statesman of Great Britain. We feel assured in America that so far as the question of protection may be affected, either favorably or adversely, by the weight of individual judgment, we may safely leave Mr. Gladstone to be answered by Prince Bismarck.

But better than the opinion of Mr. Gladstone, better than the opinion of Prince Bismarck, are the simple facts of the case of open record in both countries. A brief rehearsal of these facts, with the pertinent comparison which they suggest, will give the best answer to Mr. Gladstone's assumption that the United States would have made more rapid progress under a system of free trade. I take the official figures of the census of the United States, and for the United Kingdom I quote from Mr. Giffen, who is commended by Mr. Gladstone as the best authority in England.

In 1860 the population of the United States was, in round numbers, 31,000,000. At the same time the population of the United Kingdom was, in round numbers, 29,000,000. The wealth of the United States at that time was fourteen thousand millions of dollars; the wealth of the United Kingdom was twenty-nine thousand million dollars. The United Kingdom had, therefore, nearly the same population, but more than double the wealth of the United States, with machinery for manufacturing fourfold greater than that of the United States. At the end of twenty years (1880) it appeared that the United States had added nearly thirty thousand millions of dollars to her wealth, while the United Kingdom had added nearly fifteen thousand millions, or about one-half.

During this period of twenty years the United States had incurred the enormous loss of nine thousand millions of dollars by internal war, while the United Kingdom was at peace, enjoyed exceptional prosperity, and made a far greater gain than in any other twenty years of her history—a gain which during four years was in large part due to the calamity which had fallen upon the United States. The United Kingdom had added 6,000,000 to her population during the period of twenty years, while the addition of the United States exceeded 18,000,000.

By the compound ratio of population and wealth in each country, even without making allowance for the great loss incurred by the Civil War, it is plainly shown by the statistics here presented that the degree of progress in the United Kingdom under protection far exceeded that of the United Kingdom under free trade for the period named. In 1860 the average wealth per capita of the United Kingdom was $1000, while in the United States it was but $450. In 1880 the United Kingdom had increased her per capita wealth to $1230, while the United States had increased her per capita wealth to $870. The United Kingdom had in twenty years increased her per capita wealth 23 per cent., while the United States had increased her per capita wealth more than 93 per cent. If allowance should be made for war losses, the ratio of gain in the United States would far exceed 100 per cent. Upon these results, what ground has Mr. Gladstone for his assertion?

PERTINENT FACTS REGARDING STEEL RAILS.

With great confidence Mr. Gladstone proposes to carry the war for free trade into the enemy's country. Perhaps the enemy, who are only modest protectionists, may embarass the march of his logic with a few pertinent questions, or at least abate the rate of speed which he proposes for his trumphant movement. I shall not give counter theories. I shall only cite established facts and allow the facts to establish their own theories:

1. John Edgar Thompson, late president of the Pennsylvania Railroad Company, purchased 100 tons of steel rails in 1862 at a price (freight paid to New

York, duty of 45 per cent. unpaid) of $103.44, gold coin. (By way of illustrating Mr. Gladstone's claim to superior quality of manufactures under free trade, the railroad company states that many of the rails broke during the first winter's trial). In 1864 English rails had fallen to $88 per ton in New York, the freight paid and the duty unpaid. English manuafacturers held the market for the ensuing six years, though the sales at the high prices were limited. In 1870 Congress laid a specific duty of $28 per ton on steel rails. From that time the home market has been held by our own manufacturers, with a steady annual fall in price as the facilities of production increased, until the past summer and autumn, when steel rails were selling in Pittsburg, Chicago and London at substantially the same prices. Does any free trader on either side of the ocean honestly believe that American rails could ever have been furnished as cheaply as English rails except by the sturdy competition which the highly protective duty of 1870 enabled the American manufacturers to maintain against the foreign manufacturers in the first place, and among American manufacturers themselves in the second place? It is not asserted that during the 19 years since the heavy duty was first established (except during the past few months) American rails have been as cheap in America as English rails have been in England, but it is asserted with perfect confidence that, steadily and invariably, American railroad companies have bought cheaper rails at home than they would have been able to buy in England if the protective duty had not stimulated the manufacture of steel rails in the United States and if the resulting competition had not directly operated upon the English market.*

FORCED TO LOWER PRICES.

Under the protective duty of 1870 the United States soon manufactured annually a much larger quantity of steel than Great Britain, and reduced the price from $100 per ton in gold to less than $35 per ton in gold.

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* In 1870 only 30,000 tons of steel rails were manufactured in the United States. But the product under the increased duty of that year rapidly increased. The relative number of tons produced in England and the United States for a period of 12 years is shown as follows:

Year.	England.	United States.
1877	508,400	385,865
1878	622,390	491,427
1879	520,231	610,682
1880	732,910	852,196
1881	1,023,740	1,187,770
1882	1,235,785	1,284,067
1883	1,097.174	1,148,709
1884	784,968	996,983
1885	706,583	959,471
1886	730,343	1,574,703
1887	1,021,847	2,101,904
1888	979,083	1,386,277
Total in 12 years	9,963,454	12,980,054

For the same period, 1877–1888, inclusive, the following table will show the number of tons of steel ingots produced in the two countries respectively:

Year.	England.	United. States.
1877	750,006	500,524
1878	807,527	653,773
1879	834,511	829,439
1880	1,044,382	1,074,262
1881	1,441,719	1,374,247
1882	1,673,649	1,514,687
1883	1,553,380	1,477,345
1884	1,299,676	1,375,531
1885	1,304,127	1,519,430
1886	1,570,520	2,269,190
1887	2,089,403	2,936,033
1888	2,032,794	2,511,161
Total in 12 years	16,401,688	18,035,622

2. English steel for locomotive tires imported in 1865, duty paid, was 34 cents per pound in gold. The American competition, under a heavy protective duty, had by 1872 reduced the price to 13 cents per pound, duty paid. At the present time (1889) American steel for locomotive tires, of as good quality as the English steel formerly imported, is furnished at 4¾ cents per pound and delivered free of cost at the point where the locomotives are manufactured. The lowering of price was not a voluntary act on the part of the English manufacturer. It was the direct result of American competition under a protective duty—a competition that could not have been successfully inaugurated under free trade.

3. In the year 1860, the last under a free-trade policy, the population of 31,000,000 in the United States bought carpets to the amount of $12,000,000. Nearly half of the total amount was imported. In 1888, with a population estimated at 63,000,000, the aggregate amount paid for carpets was nearly $60,000,000, and of this large sum less than $1,000,000 was paid for foreign carpets and about $500,000 for oriental rugs. Does any free trader in England believe that the United States, without a protective tariff, could have attained such control of its own carpet manufacture and trade? It will not be unnoticed in this connection that under a protective tariff the population by reason of better wages was enabled to buy a far greater proportion of carpets than under free trade. Nor must it escape observation that carpets are now furnished to the American buyer under a protective tariff much cheaper than when a nonprotective tariff allowed Europe to send so large a proportion of the total amount used in the United States.

These illustrations might be indefinitely multiplied. In woolens, in cottons, in leather fabrics, in glass, in products of lead, of brass, of copper; indeed, in the whole round of manufactures it will be found that protection has brought down the price from the rate charged by the importers before protection had built up the competing manufacture in America. For many articles we pay less than is paid in Europe. If we pay higher for other things than is paid across the sea to-day, figures plainly indicate that we pay less than we should have been compelled to pay if the protective system had not been adopted; and I beg Mr. Gladstone's attention to the fact that the American people have much more wherewith to pay than they had or could have under free trade.*

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* In spite of these facts President Cleveland made the following statements, which I quote from his free trade message to Congress in December, 1887:

"Our present tariff laws, as their primary and plain effect, raise the price to consumers of all articles imported and subject to duty by precisely the sum paid by those who purchase for use these imported articles. Many of these things, however, are raised or manufactured in our own country, and the duties now levied upon foreign goods and products are called protection to these home manufactures, because they render it possible for those of our people who are manufacturers to make these taxed articles and sell them for a price equal to that demanded for the imported goods that have paid customs duty. So it happens that, while comparatively a few use the imported articles, millions of our people who never use and never saw any of the foreign product purchase and use things of the same kind made in this country and pay therefor nearly or quite the same enhanced price which the duty adds to the imported articles."

I recall this quotation primarily for two reasons. First, Mr. Cleveland stands without a rival at the head of the free trade party in the United States, and it is instructive to see how exactly he adopts the line of argument used by the English free trader. Second, it is a valuable admission from the head of the free trade party when he affirms that "comparatively a few of our people use imported articles," and that there are "millions of our people who never use and never saw any of the foreign products." In what words could the complete success of the protective policy in the United States be more fitly expressed?

MR. CLEVELAND'S MISINFORMATION.

But when Mr. Cleveland asserted that our people pay for our domestic fabrics "nearly or quite the same enhanced price which the duty adds to the imported articles," he evidently spoke without investigating the facts, and accepted as true one of those fallacious statements which have been used in the interest of foreign importers to deceive the people. Mr. Cleveland's argument would have been strengthened if he had given a few examples—nay, if he had given one example—to sustain his charge. As he omitted all illustrations of his position, I venture to select a few which apparently establish the exact reverse of Mr. Cleveland's statement:

India rubber goods are protected by a duty of 25 per cent; but, instead of those goods being 25 per cent. higher in price than the foreign goods, they are in fact cheaper. They undersell the English article in Canada and successfully compete with Canada's goods, which are protected by a duty of 20 per cent.

Patent leather is subject to a duty of 20 per cent.; but patent leather is not therefore 20 per cent. higher in the United States than elsewhere. On the contrary, it is cheaper. Five years ago the city government of London advertised for bids for a large amount of patent leather to be used in connection with the uniforms of the police. There were bids from several countries, but the lowest bid was offered by a manufacturer of Newark, N. J. He secured the contract and furnished the goods at a fair profit.

Steel rails are selling in London for £7 per ton. The duty is $15 per ton The price, therefore, in the United States ought to be, according to Mr. Cleveland's doctrine, $50 per ton. But in fact the price is but $35 per ton, and during the last summer and autumn was as low as $25 per ton, and large sales were made at $30 per ton.

Boots and shoes are subject to 30 per cent. duty. According to Mr. Cleveland they should be 30 per cent. higher than the foreign article. As a matter of fact they are cheaper. American boots and shoes hold the Canadian market against the European manufacture.

Examples of this kind could be shown on almost the whole tariff list where an American manufacturer is firmly established. In fact, the whole history of protection has vindicated what Alexander Hamilton said of it when he was at the head of the Treasury: "The internal competition which takes place soon does away with everything like monopoly and by degrees reduces the price of the article to the minimum of a reasonable profit on the capital employed. This accords with the reason of the thing and with experience." Mr. Hamilton thus effectually answers both Mr. Gladstone and Mr. Cleveland.

TAKES ISSUE WITH GLADSTONE.

Mr. Gladstone boldly contends that "keeping capital at home by protection is dear production, and is a delusion from top to bottom." I take direct issue with him on that proposition. Between 1870 and the present time considerably more than 100,000 miles of railroad have been built in the United States. The steel rail and other metal connected therewith involved so vast a sum of money that it could not have been raised to send out of the country in gold coin. The total cost could not have been less than $500,000,000. We had a large interest to pay abroad on the public debt, and for nine years after 1870 gold was at a premium in the United States. During those years nearly 40,000 miles of railway were constructed, and to import English rail and pay for it with gold bought at a large premium would have been impossible. A very large proportion of the railway enterprises would of necessity have been abandoned if the export of gold to pay the rails had been the condition precedent to their construction. But the manufacture of steel rails at home gave an immense stimulus to business. Tens of thousands of men were paid good wages, and great investments and great enrichments followed the line of the new road and opened to the American people large fields for enterprise not heretofore accessible.

I might ask Mr. Gladstone what he would have done with the labor of the thousands of men engaged in manufacturing rail if it had been judged practicable to buy the rail in England. Fortunately he has given his answer in advance of the question, for he tells us that "in America we produce more cloth and more iron at high prices, instead of more cereals and more cotton at low prices." The grain growers of the West and the cotton growers of the South will observe that Mr. Gladstone holds out to them a cheerful prospect! They "should produce more cereals and more cotton at low prices!" Mr. Gladstone sees that the protective system steadily tends to keep up the price of 'cereals and cotton," and he asks that manufactures of "cloth and iron" be abandoned, so that we may raise "more cereals and more cotton at low prices." Mr. Gladstone evidently considers the present prices of cereals and cotton as "high prices."

Protectionists owe many thanks to Mr. Gladstone for his outspoken mode of dealing with this question of free trade. He gives us his conclusions without qualification and without disguise. The American free trader is not so sincere. He is ever presenting half truths and holding back the other half, thus creating false impressions and leading to false conclusions. But Mr. Gladstone is entirely frank. He tells the laborers on protected articles that they would be better engaged in "raising more cereals and more cotton at low prices." Where does Mr. Gladstone suggest a market for the additional grain and cotton to be raised by American mechanics becoming farmers and increasing the production of those great staples? The foreign market is filled with a competing grain supply to such a degree that already the price of wheat is unduly lowered to the Western farmer. The farmer needs a still larger home consumption of his grain, while Mr. Gladstone thinks he needs a still larger home production. The legitimate involvement of Mr. Gladstone's argument is that all mechanical and manufacturing enterprises in America producing articles of higher price than the same produced in Europe should be abandoned, and the laborers so engaged should be turned to the production of "more cereals and more cotton at low prices." The Western farmer's instinct is wiser than Mr. Gladstone's philosophy. The farmer knows that the larger the home market the better are his prices, and that as the home market is narrowed his prices fall.

Mr. Gladstone's pregnant suggestion really exhibits the thought that lies deep in the British mind, that the mechanic arts and manufacturing processes should be left to Great Britain, and the production of raw material should be left to America. It is the old colonial idea of the last century, when the establishment of manufactures on this side of the ocean was regarded with great jealousy by British statesmen and British merchants. Some years before the Revolutionary struggle began Parliament had declared that "the erecting of manufactories in the colonies tends to lessen their dependence on Great Britain." A few years later the British Board of Trade reported to Parliament that "manufactures in the American colonies interfere with profits made by British merchants." The same body petitioned Parliament that "some measures should be provided to prevent the manufacturing of woolen and linen goods in the colonies." Finally Parliament declared that "colonial manufacturing was prejudicial to the trade and manufactures of Great Britain." These outrageous sentiments (the colonists characterized them much more severely) were cherished in the time of the glorious Georges, in the era of Walpole and the elder Pitt.

FOR GREAT BRITAIN, NOT AMERICA.

I do not mean to imply that Mr. Gladstone's words carry with them an approval, even retrospectively, of this course toward the colonies, but there is a remarkable similarity to the old policy in the fundamental idea that causes him in 1889 to suggest that Americans produce "too much cloth and too much iron," and should turn their labor to "low-priced cereals and low-priced cotton." Are we not justified in concluding that Mr. Gladstone's theory of free trade, in all its generalizations and specifications, is fitted exactly to the condition of Great Britain, and that British hostility to American protection finds its deep foundation in the fact, to quote the old phrase, that "it is prejudicial to the trade and manufactures of Great Britain," that "it lessens our dependence upon Great Britain," and that "it interferes with profits made by British merchants?"

Mr. Gladstone makes another statement of great frankness and of great value. Comparing the pursuits in the United States which require no protection with those that are protected, he says: "No adversary will, I think, venture upon saying that the profits are larger in protected than in unprotected industries." This is very true, and Mr. Gladstone may be surprised to hear that the constant objection made by American free traders against the "protected industries," as he terms them, is that the profits derived from them are illegitimately large. Mr. Gladstone sees clearly that as a rule this is not true, and he at once discerns the reason. He says: "The best opinions seem to testify that in your protected trades profits are hard pressed by wages." The free traders of America try by every cunning device to hide this fact. Its admission is fatal to their cause. Not one free trade organ or leader among them all dares to take his position beside Mr. Gladstone and plainly tell the truth to the American laborer. Not one free trade organ or leader dares frankly to say to the great body of American workmen that the destruction of protection inevitably and largely reduces their daily wages. I thank Mr. Gladstone for this testimony, at once accurate and acute. It is fair to presume that he intends it to be applied to the unprotected manufacturer in England and to the protected manufacturer in America, both producing the same article. His logic gives, and I have no doubt truly, as large profit to the manufacturer of England, selling at a low price, as to the manufacturer of America, selling at a high price—the difference consisting wholly in the superior wages paid to the American mechanic.

There is another important effect of protective duties which Mr. Gladstone does not include in his frank admission. He sees that the laborers in what he calls the "protected industries" secure high pay, especially as compared with the European school of wages. He perhaps does not see that the effect is to raise the wages of all persons in the United States engaged in what Mr. Gladstone calls the "unprotected industries." Printers, bricklayers, carpenters and all others of that class are paid as high wages as those of any other trade or calling, but if the wages of all those in the protected classes were suddenly struck down to the English standard, the others must follow. A million men can not be kept at work for half the pay that another million men are receiving in the same country. Both classes must go up or must go down together.

AMERICAN WAGES HIGHER THAN BRITISH.

Mr. Gladstone makes another contention, in which, from the American point of view, he leaves out of sight a controlling factor, and hence refers an effect to the wrong cause. Regarding the advance of wages in England he says: "Wages which have been partially and relatively higher under protection have become both generally and absolutely higher, and greatly higher, under free trade." I do not doubt the fact, but I venture to suggest that such advance in wages as there has been in England is referable to another and a palpable cause—namely, the higher wages in the United States, which have constantly tempted British mechanics to emigrate, and which would have tempted many more if the inducement of an advance in wages at home had not been interposed. Especially have wages been high and tempting in the United States since 1861, when the country became firmly protective by the enactment of the Morrill tariff. It will be found, I think, that the advance of wages in England corresponds precisely in time, though not in degree, with the advance in the United States, and the advance in both cases was directly due to the firm establishment of protection in this country as a national policy. But it must not be forgotten that American wages are still from 70 per cent. to 100 per cent higher than British wages. If a policy of free trade should be adopted in the United States, the reduction of wages which would follow here would promptly lead to a reduction in England. The operatives of Manchester, Leeds and Sheffield recognize this fact as clearly as do the proprietors who pay the advanced wages, and more clearly than do certain political economists who think the world of commerce and manufactures can be unerringly directed by a theory evolved in a closet without sufficient data and applied to an inexact science.

The zeal of Mr. Gladstone for free trade reaches its highest point in the declaration that "All protection is morally as well as economically bad." He is right in making this his strongest ground of opposition, if protection is a question of morals. But his assertion leaves him in an attitude of personal inconsistency. There is a protection on sea as well as on land. Indeed, the most palpable and effective form of protection is in the direct payment of public money to a line of steamers that could not be maintained without that form of aid. I do not say that such aid is unwise protection, least of all do I say it is immoral. On the contrary, I think it has often proved the highest commercial wisdom, without in the least infringing upon the domain of morals. Mr. Gladstone, however, commits himself to the principle that "All protection is morally bad." If this has been his belief ever since he became an advocate of free trade, his conscience must have received many and severe wounds, as session after session, while chancellor of the exchequer, he carried through Parliament a bounty—may I not say a direct protection?—of £180,000 to a line of steamers running between England and the United States—a protection that began six years before free trade was proclaimed in English manufactures and continued neary twenty years after. In the whole period of twenty-five years an aggregate of many millions of dollars was paid out to protect the English line against all competition.

It may be urged that this sum was paid for carrying the Anglo-American mails, but that argument will not avail a free trader, because steamers of other nationalities stood ready to carry the mails at a far cheaper rate. Nay, a few years ago, possibly when Mr. Gladstone was Premier of England, public bids were asked to carry the Anglo-Indian mails. A French line offered a lower bid than any English line, but the English Government disregarded the French bid and gave the contract to the Peninsular and Oriental line, owned by a well-known English company. Still later the German Lloyd Company contracted to carry the Anglo-American mails cheaper than any English line offered, and the German company actually began to perform the duty. But Englishmen did not want that kind of free trade, and they broke the contract with the German line and again gave protection to the English ships. Does not this justify the opinion that the English policy of free trade is urged where England can hold the field aganst rivals, and that when competition leaves her behind she repudiates free trade and substitutes the most pronounced form of protection?

Does Mr. Gladstone's estimate of the immorality of protection apply only to protection on land, or is supremacy on the sea so important to British interests that it is better to throw morals to the wind and resort to whatever degree of protection may be necessary to secure the lead to English ships? The doctrine of improving harbors in the United States by the National Government was for many years severely contested, the strict construction party maintaining that it must be confined to harbors on the seacoast at points where foreign commerce reaches the country. During one of the many discussions over this narrow construction an Ohio member of Congress declared that he "could not think much of a Constitution that would not stand being dipped in fresh water as well as salt..' I fear that Mr. Gladstone's code of morals on this question of protection will not secure much respect in other countries so long as it spoils in salt water.

SHIPPING INTERESTS SHOULD BE PROTECTED.

It will not escape Mr. Gladstone's keen observation that British interests in navigation flourish with less rivalry and have increased in greater proportion than any other of the great interests of the United Kingdom. I ask his candid admission that it is the one interest which England has protected steadily and determinedly, regardless of consistency and regardless of expense. Nor will Mr. Gladstone fail to note that navigation is the weakest of the great interests in the United States, because it is the one which the National Government has constantly refused to protect. If since the Civil War the United States had spent in protecting her shipping merely the annual interest on the great sum which England has expended to protect her ocean traffic, American fleets would now be rivaling the fleets of England, as they rivaled them before the war, on every sea where the prospect of commercial gain invites the American flag.

The failure of the United States to encourage and establish commercial lines of American ships is in strange contrast with the zealous efforts made to extend lines of railway inside the country, even to the point of anticipating the real needs of many sections. If all the advances to railway companies, together with the outright gifts by towns, cities, counties, States and Nation be added together, the money value would not fall short of a thousand millions of dollars. No effort seems too great for our people when the interior of the country is to be conected with the seaboard. But when the suggestion is made to connect our seaboard with commercial cities of other countries by lines of steamships the public mind is at once disturbed by the cry of "subsidy." We really feel as much afraid of protection at sea as Mr. Gladstone is of protection on land. The positions of the American Congress and the English Parliament on this subject are precisely reversed. England has never been affrighted by the word subsidy, and, while we have stood still in potent fear, she has taken possession of the seas by the judicious, and even the lavish, interposition of pecuniary aid. I have already said that the interest on the amount which England has paid for this object since she began it with great energy fifty years ago would give all the stimulus needed for the rapid expansion of our commerce. Let it be added that if the Government of the United States will for twenty years to come give merely the interest upon the interest at the rate of 5 per cent. on the amount which has been a free gift to railroads, every steam line needed on the Atlantic, the Pacific, and the Gulf will spring into existence within two years from the passage of the act. It is but a few years since Congress twice refused to give even $125,000 per annum to secure an admirable line of steamers from New York to the four largest ports of Brazil. And the sum of $125,000 is but the interest upon the interest of the interest at 5 per cent. of the gross amount freely given to the construction of railroads within the Union. Is it any wonder that we have lost all prestige on the sea?

CANADA'S DEMAND FOR AMERICA'S MANUFACTURES.

The opposition to the policy of extending our foreign commerce by aiding steamship lines with a small sum, just as we have aided internal commerce on railroads with a vast sum, originates with the American free trader. Mr. Gladstone cannot fail to see how advantageous the success of this free-trade effort in the United States must prove to Great Britain. The steady argument of the free trader is that if the steamship lines were established, we could not increase our trade, because we produce under our protective tariff nothing that can compete in neutral markets with articles of the like kind from England. How, then, can the free trader explain the fact that a long list of articles manufactured in the United States find ready and large sale in Canada? The Canadian tariff is the same upon English and American goods. Transportation from England to Quebec or Montreal is cheaper than from the manufacturing centres of the United States to the same points. The difference is not great, but it is in favor of the English shipper across the seas, and not the American shipper by railway. It is for the free trader to explain why, if the cost of transportation be made the same, the United States cannot compete with England in every country in South America in all the articles of which we sell a larger amount in Canada than England does. I append a note naming the American articles sold in Canada, and the free trader, if candid, will admit that the list is one that is constantly and rapidly increasing.*

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* The following articles of American manufacture are sold in Canada more largely than like articles of English manufacture:

Brass goods, copper goods, cordage, ginghams, bottles, flasks, India-rubber goods, printing ink, ingrain carpets, wood manufactures, twines, tinware, ship rigging, wall paper, writing paper, envelopes, blank books, strawboard paper, boots and shoes, leather and skins, sole leather, leather goods, patent leather, figured oilcloths, grain drills, harrows, harvesters, hoes, forks, mowing machines, scythes, spades, shovels, builders' and cabinetmakers' hardware, house-furnishing hardware, nails, firearms, sewing machines, screws, stoves, axes, jewelry (sterling and plated), silverware, lamps, locomotives, hatchets, hammers, saws, mechanics' tools, organs, pianos, "notions," plain house furniture, especially hotel furniture.

SOME INTERESTING CENSUS FIGURES.

Giving heed to the cry of the professional free trader in America, Mr. Gladstone feels sure that, though the protected manufacturers in the United States may flourish and prosper, they do so at the expense of the farmer, who is in every conceivable form, according to the free-trade dictum, the helpless victim of protection. Both Mr. Gladstone and the American free trader have, then, the duty of explaining why the argicultural States of the West have grown in wealth during the long period of protection at a more rapid rate than the manufacturing States of the East. The statement of the free trader can be conclusively answered by referring to the census of the United States for the year 1860 and also for the year 1880:

In 1860 eight manufacturing States of the East (the six of New England, together with New York and Pennsylvania) returned an aggregate wealth of $5,123,000,000. Twenty years afterwards, by the census of 1880, the same States returned an aggregate wealth of $16,228,000,000. The rate of increase for the twenty years was slightly more than 216 per cent.

Let us see how the agricultural States fared during this period. By the census of 1860, 8 agricultural States of the West (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, and Wisconsin) returned an aggregate wealth of $2,271,000,000. Twenty years afterwards, by the census of 1880 (protection all the while in full force), these same States returned an aggregate wealth of $11,268,000,000. The rate of increase for the twenty years was 396 per cent, or 180 per cent greater than the increase in the 8 manufacturing States of the East.

The case will be equally striking if we take the 15 Southern States that were slaveholding in 1860. By the census of that year the aggregate return of their property was $6,792,000,000; but $2,000,000,000 was slave property. Deducting that, the total property amounted to $4,792,000,000. Their aggregate return of wealth by the census of 1880 was $8,633,000,000. The rate of increase for the twenty years was 80 per cent. Consider that during this period 11 States of the South were impoverished by civil war to an extent far greater than any country has been despoiled in the wars of modern Europe; consider that the labor system on which previous wealth had been acquired in the South was entirely broken up; and yet, at the end of twenty years, the Southern States had repaired all their enormous losses and possessed nearly double the wealth they had ever known before. Do not these figures incontestably show that the agricultural sections of the country, West and South, have prospered even beyond the manufacturing sections, East and North? And all this not merely with protection, but because of protection!

HOW GREAT FORTUNES ARE ACQUIRED.

As Mr. Gladstone considers protection immoral, he defines its specific offense as "robbery." To have been fully equal to the American standard of free-trade vituperation, Mr. Gladstone should have denounced our manufacturers as "robber barons." This is the current phrase with a class who are perhaps more noisy than numerous. The intention of the phrase is to create popular prejudice against American manufacturers as growing rich at the expense of the people. This accusation is so persistently repeated that its authors evidently regard it as important to their cause. It may perhaps surprise Mr. Gladstone to be told that out of the fifty largest fortunes in the United States—those that have arrested public attention within the last ten years—certainly not more than one has been derived from protected manufacturing; and this was amassed by a gentleman of the same Scotch blood with Mr. Gladstone himself. The forty-nine other fortunes were acquired from railway and telegraph investments, from real-estate investments, from the import and sale of foreign goods, from banking, from speculations in the stock market, from fortunate mining investments, from patented inventions, and more than one from proprietary medicines.

It is safe to go even further and state that in the one hundred largest fortunes that have been viewed as such in the past ten years not five have been derived from the profits of protected manufactures. Their origin will be found in the fields of investment already referred to. Moreover, the fear of the evil effect of large fortunes is exaggerated. Fortunes rapidly change. With us wealth seldom lasts beyond two generations. There is but one family in the United States recognized as possessing large wealth for four consecutive generations. When Mr. Jefferson struck the blow that broke down the right of primogeniture and destroyed the privilege of entail he swept away the only ground upon which wealth can be secured to one family for a long period. The increase in the number of heirs in successive generations, the rightful assertion of equality among children of the same parents, the ready destruction of wills that depart too far from this principle of right, and, above all, the uncertainty and the accidents of investment, scatter fortunes to the wind and give to them all the uncertainty that betides human existence.

In no event can the growth of large fortunes be laid to the charge of the protective policy. Protection has proved a distributer of great sums of money; not an agency for amassing it in the hands of a few. The records of our saving banks and building associations can be appealed to in support of this statement. The benefit of protection goes first and last to the men who earn their bread in the sweat of their faces. The auspicious and momentous result is that never before in the history of the world has comfort been enjoyed, education acquired, and independence secured by so large a proportion of the total population as in the United States of America.

Sherman (J. S.) on Banking and Currency.

SPEECH

OF

Hon. James S. Sherman

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES,

WASHINGTON, D. C.,

June 8, 1896,

ON

BANKING AND CURRENCY.

WASHINGTON, D. C.
1896.

SHERMAN (J. S.) ON BANKING AND CURRENCY.

REMARKS
OF
HON. JAMES S. SHERMAN,
OF NEW YORK,

IN THE HOUSE OF REPRESENTATIVES,

Monday, June 8, 1896.

Mr. SHERMAN. Mr. Speaker, under the general leave to print which has been granted by the House I desire to submit certain facts as to banking and currency.

Metallic money, gold and silver, each has been, ever will be, the base for the exchanges of mankind. But as commerce increases, substitutes for these in the form of paper, covered or uncovered, have come more and more largely into use. Wholly uncovered or fiat money is the dream of the Greenbackers in the United States and of those similar views under different names in other countries; but these have never yet succeeded in changing the preference of the peoples of the world for metallic money as the ultimate or redemption money. It is, however, fully established that an issue of paper money, each dollar based on a metallic dollar deposited in a secure place and obtainable on demand, furnishes a most desirable medium for the chief purposes of money.

NATIONAL VS. STATE CURRENCY.

In the early days of the Republic we had a national bank issuing paper money based on the coin reserve provided by law. When this had been legislated out of existence by the Democratic party of Jackson, the country had to fall back on the system of State banks. This policy continued so long as the Democratic party was in power, and until 1862, when, under the wise management of the Treasury Department in the hands of Salmon P. Chase, the Republican party gave the country the present safe system of national banks. The Democratic party is still in favor of a return to the antiquated and dangerous method of State banks, disregarding the wonderful changes in the conditions of the country since they ceased to exist, and a return of which would cause more disaster, if that be possible, than that caused by their bungling with the tariff.

WHAT STATE BANKING ISSUES MEAN.

It is well for this generation to consider to what the Democratic party desires to return. It will be instructive to study the pen picture shown in the report of the Secretary of the Treasury, Hugh McCullough, made in 1876:

> There were scarcely two States in the Union whose systems were alike. In some States banks were chartered with proper restrictions upon their discounts and their circulation; in others without any such restrictions. In some there was individual liability; in others no liability at all, not even in cases of gross mismanagement. In some States the circulation of the banks was secured partially, at least, by mortgages and bonds; in others there was no security except the capital, which was frequently a myth. In some States banking was a monopoly; in others it enjoyed the largest liberty. The consequence was that

we had a bank-note circulation frequently worthless and, when solvent, lacking that uniform value which was needed in business transactions between the citizens of the different States. It is enough to say that the circulation of the State banks was entirely unfitted for a country like ours; that by it the people were subjected to enormous losses, and not only in the way of exchanges, but in the inability of a great many of the banks to redeem their notes.

Does this inspire us with a desire to have single States, say Florida, Mississippi, Alabama and Arkansas, giving the people of these United States a safe circulating medium?

Yet the platform of the Democratic party adopted at Chicago in 1892 says:

"We recommend that the prohibitory 10 per cent. tax on State bank issues be repealed."

That is all that is needed to open the flood gates of unlimited paper money by every one of the 45 States. It would even allow Arizona and Alaska an opportunity to come to our rescue. It would be a sight to please the gods of discord and unrest to see the honest farmers and laborers of this country studying the figures and make-up of Democratic "wild-cat" money printed in far-off Alaska, or Utah, Arkansas, or Florida, to see if it was a safe return for their wheat or labor. We would, indeed, have back the good old times when the well-to-do Michigan farmer, en route to Chicago with $1500 of this precious State money, was put off the train because he did not have the sort of money required by the seemingly heartless corporation which placed little trust in the promises to pay of any man who set up a money shop in his back yard and peddled out his promises to pay with generous hand, but at the time of redemption hied himself where the woodbine twineth.

REPUBLICAN PAPER MONEY.

All whose memories reach back to the fall of Sumter know that this Democratic money was the only substitute for gold or silver until the Republican party came into power in 1861. The first call of the Treasury exhausted the specie, and the banks promptly suspended payments. A national currency was absolutely indispensable to save the nation. In this, as in every crisis, the Republican party met the exigency; legal tender (Treasury notes and greenbacks) were issued to take the place of the disappearing specie; and a system of national banks was devised (the most perfect ever known in this or any other country), with their issues secured by a deposit of national bonds; the often worthless and always unreliable State-bank issues were cleared away by a tax of 10 per cent. on their circulation, and, more than all, the revenues necessary for maintaining the national life were provided.

THE NATIONAL BANKS.

Unlike the old Government Bank, these were independent of each other, so they could not combine against the Government or the people. Within safe limits any number of individuals could associate themselves and issue their notes. They were under strict governmental supervision—aye, more, each and every one of the bills issued by them was and ever has been worth 100 cents on the dollar, wherever in all this broad land it may have been issued. Who cares or looks to see where the bill thus devised by the Republican party to help obtain funds to preserve the national life was issued unless it be from curiosity? Oregon or Florida, Maine or Texas, it matters not; they pass current in any bank in Chicago, New York, or over the counter of any store in the Union. The farmer of the West, the planter of the South, the laborer wherever he may be, has only to note the figures they represent.

NATIONAL BANKS HELPED RESUMPTION.

When peace was once more restored this same system aided the Government to resume specie payments and to pay off and fund the national debt in bonds drawing less interest. Of course the Democrats opposed every step; that has appeared their main mission in life. Dazed by the popularity of the national currency, it plunged into the vagaries of "greenbackism" and denounced the "resumption act" of 1875.

The Democratic party has never forgiven the national banks for helping to furnish the sinews of war, and in 1892 laid aside all false pretenses and demanded the unconditional repeal of the only hindrance to the flood of State money, the 10 per cent. tax on State bank circulation.

DEMOCRATIC TESTIMONY ON DEMOCRATIC PAPER MONEY.

It is this paper system of extravagant expansion, raising the nominal price of every article far beyond its real value. when compared with the cost of similar articles in countries whose circulation is wisely regulated, which has prevented us from competing in our own markets with foreign manufactures, has produced extravagant importations, and has counteracted the effect of the large incidental protection afforded to our domestic manufactures by the present revenue tariff. But for this the branches of our manufactures composed of raw materials, the product of our own country—such as cotton, iron and woolen fabrics—would not only have acquired almost exclusive possession of the home market, but would have created for themselves a foreign market throughout the world.—Message, December 8, 1857.

When Congress met in December last the business of the country had just been crushed by one of those periodical revulsions which are the inevitable consequence of our unsound and extravagant system of bank credit and inflated currency. With all the elements of national wealth in abundance our manufactures were suspended, our useful public and private enterprises were arrested, and thousands of laborers were deprived of employment and reduced to want.—Message, December 6, 1858.

It will appear from the report of the Secretary of the Treasury that it is extremely doubtful, to say the least, whether we shall be able to pass through the present and the next fiscal year without providing additional revenue. It is now quite evident that the financial necessities of the Government will require a modification of the tariff during your present session for the purpose of increasing the revenue.—Messages, December 19, 1859, and December 3, 1860.

It will be observed that while the President (Buchanan) charges to the excessive and insecure State bank issue the chief cause of the panic, he is compelled to admit that "the revenue tariff" of his party did not produce the requisite revenue, and that the only conservative feature of this tariff was its "incidental protection" to manufacturers from "our own raw material." But the chief point here is that no State bank system can have its "circulation wisely regulated" and properly secured. Competition between numerous States to secure the most bank capital, ignorance of the laws which determine commercial business, laxity of sentiment in regard to the obligations of debt, desire to favor influential private interests, striving after party advantage, and inevitable difference of opinion in different States multiply and vitiate these bank systems. But with the close of the Buchanan Administration a speedy end was brought to this whole business.

And yet even at this late day, and with the present conditions most decidedly opposing such a scheme, they rise up and ask for its restoration.

NATIONAL BANKS AND REFUNDING THE PUBLIC DEBT,

Let us see what the bands did to facilitate the tremendous work of getting our bonds scaled down from high to low rates of interest. As the war was over, the credit of the nation rose so that the Republican party sought to reduce the interest rate. In this work they were greatly aided by the national banks, as is shown by the following extracts:

COMPTROLLER OF THE CURRENCY--1879.

The wisdom of Secretary Chase and the others who, in 1862, advocated the establishment of a national banking system was long since recognized by those who understood the principles which should govern a sound system of currency and banking; but in the light of the extraordinary financial operations of the Government during the present year the wisdom and the economy of the system, both for the Government and the people, are now more apparent than ever.

The refunding of the national debt commenced in 1871, at which time the national banks held nearly four hundred millions of the 5 and 6 per cent. bonds, and from that date to the present time they have held more than one-fifth of the interest-bearing debt of the United States. A large portion of the bonds held by them in 1871 bore interest at the rate of 6 per cent. This class of bonds has been greatly reduced, and is now less than one-sixth of all the bonds pledged for circulation, while more than one-third of the amount consists of bonds bearing interest at 4 per cent.

It is certain that if the national banking system had not existed, and United States notes had alone been issued, the refunding operations here described and the consequent large reduction of interest upon the public debt would not have been possible.

NATIONAL BANKS AND RESUMPTION OF SPECIE PAYMENTS.

The same report of the Comptroller says:

The resumption act not only fixed the day of resumption, but authorized the Secretary, in order to prepare and provide therefor, to use any surplus revenues not otherwise appropriated, and to issue, sell and dispose of, at not less than par in coin, any of the bonds of the United States described in the act of July 14, 1870. Under this act the Secretary in 1877 sold at par fifteen millions of four-and-a-halfs and twenty-five millions of fours; and in April, 1878, he sold fifty millions of 4½ per cents at a premium of 1½ per cent. The coin in the Treasury continually increased, so that on the day of redemption the Secretary held over one hundred and thirty-five millions ($135,382,639) of gold coin and bullion and, in addition, $32,476,095 in silver coin and bullion, the gold coin alone being nearly equal to 40 per cent of the United States notes then outstanding.

The banks in the cities of New York and Boston strengthened the hands of the Government by their action in October, 1878, an account of which will be found in my report for that year. The Assistant Treasurer of the United States, at New York, became a member of the clearing house, thus facilitating the business of the banks with the Government, and the banks agreed to receive United States notes, not only for their ordinary balances, but in payment of the interest upon the public debt and of other coin obligations of the Government. The banks of the country at the date of resumption held more than one-third of the outstanding Treasury notes, but they had so much confidence in the ability of the Secretary to maintain resumption that none were presented to them for redemption.

The people also, who held more than three millions of the issues of the national banks, which issues were based upon the bonds of the nation, preferred such notes to coin itself. There was, therefore, no demand for payment of the notes of the Government, and the gold coin in the Treasury, which amounted to one hundred and thirty-five millions on the day of resumption, increased more than thirty-six millions in the next ten months, the amount held on the 1st day of November, 1879, exceeding one hundred and seventy-one millions.

There are victories of peace quite as great as those of war, and these of refunding and resumption may safely be classed in the latter list. The national banks served a useful purpose in both these instances, and they have never been forgiven therefor by the Democratic party.

PROFITS ON CIRCULATION OF NATIONAL BANKS.

In blind hostility to every act of the Republican party Democracy has charged that the national banks, besides having aided in putting down the rebellion, refunding and resuming specie payments, not to mention the other fact of having furnished the safest and most convenient paper money ever known in the world, were sucking the blood out of the people by the immense profits they make on their circulation. There is no law or regulation which prohibits Democrats, or even Populists, if they have the required capital, from entering the system of national banks. Consequently it would seem that, if their charge were true, the Republican party had been foolish enough to put a powerful weapon into the hands of their enemies.

In—S.—B. & C.

But they make elaborate charges, only to have them disproved, to the effect that the circulation feature of the national banks is of immense value to them and as a result a great burden to the people.

AN EXAMPLE.

A Democratic Secretary of the Treasury authorizes the following statement of the matter, which will be found on page 355 of the Report of the Comptroller of the Currency for 1895, Part I:

Deposit of $100,000 of bonds, 4 per cents, October 31, 1895:		
Market value, $111,483.70; interest, 4 per cent		$4,000.00
Circulation, 90 per cent. ($90,000), at 6 per cent		5,400.00
Total		$9,400.00
From this deduct—		
Tax	$900.00	
Annual cost of redemption	45.00	
Express charges	3.00	
Plates	7.50	
Agents' fees	7.00	
Sinking fund	686.60	
Total deductions		1,649.10
Net receipts		$7,750.90
Interest on cost of bonds		6,689.02
Profit on circulation		$1,061.88
Percentage, 1.062.		

The above is on a 4 per cent. bond of 1907. On one of the same rate of interest, but falling due in 1925, one of those which have been recently issued by this administration to meet the current expenses of the Government, the net profits are stated as being $855.21, or eight hundred and fifty-five one-thousandths of 1 per cent.

LESS THAN 1 PER CENT.

The above figures, which are absolutely correct, show that the maximum profit is only a trifle over 1 per cent., and on the extended 4 per cents. less than that amount. But there are other provisions of law which national banks must observe which reduce even this small profit. For instance, they must keep on hand at all times 25 per cent. of their circulation as a lawful redemption fund. This would require of the above money $22,500 out of the $90,000 not loanable and bringing in no revenue. Then, too, they cannot keep all their available money loaned all the time; there is always a loss between the payment of one and the placing of another.

CIRCULATION HAS DECREASED.

The above explains why the actual circulation is so much less than that authorized by law. The following table exhibits this difference from the date of the establishment of the national bank system up to the end of the year 1895:

Authorized and actual circulation of national banks.

Year. (Last statement of year).	Authorized circulation.	Actual circulation	Per cent.	Number of banks.
1863	$6,469,553.70	Not stated.	....	66
1864	78,104,521.80	$45,260,504.00	.579—	508
1865	353,841,485.40	171,321,903.00	.481—	1,513
1866	373,925,132.10	280,253,818.00	.749—	1,644
1867	378,066,073.50	293,887,941.00	777—	1,642
1868	378,571,059.90	295,769,489.00	.781+	1,643
1869	383,759,235.90	293,593,645.00	.765—	1,617
1870	391,820,403.60	296,205,446.00	.755+	1,648
1871	414,203,297.40	318,265,481.00	.768—	1,790

Year. (Last statement of year).	Authorized circulation.	Actual circulation	Per cent.	Number of banks.
1872	434,345,626.80	336,289,285.00	.774—	1,940
1873	441,239,949.90	341,320,256.00	.773—	1,976
1874	446,222,232.90	331,193,159.00	.742—	2,027
1875	454,917,278.50	314,979,451.00	.693—	2,086
1876	447,733,814.40	292,011,575.00	.652—	2,082
1877	429,415,893.90	299,240,475.00	.696+	2,074
1878	418,387,496.40	303,324,733.00	.724+	2,055
1879	409,048,663.50	321,949,154.00	.787+	2,052
1880	412,686,076.50	317,484,496.00	.769—	2,095
1881	419,273,851.50	325,018,161.00	.775—	2,164
1882	436,395,142.80	315,230,925.00	.722—	2,308
1883	460,653,817.50	304,994,131.00	.662—	2,529
1884	471,680,158.50	280,197,043.00	.594—	2,664
1885	476,424,652.50	267,430,837.00	.561—	2,732
1886	495,628,807.50	202,078,287.00	.407+	2,875
1887	522,659,784,978	164,904,094.00	.315+	3,070
1888	534,463,422,561	143,549,296.50	.268+	3,150
1889	556,056,148,203	126,039,541.30	.226+	3,326
1890	592,089,502.50	123,038,785.50	.207+	3,573
1891	609,621,234.30	134,792,873.25	.220+	3,692
1892	620,728,215.75	145,669,499.00	.234+	3,784
1893	613,631,664.00	179,973,150.50	.293—	3,787
1894	599,643,940.50	169,337,071.00	.282—	3,737
1895	591,421,948,785	182,481,610.50	.308—	3,712

Note.—The above statement is made from the official report of the Comptroller of the Curerncy for 1895, Part I, pages 521-541. The column headed "Authorized circulation" is computed at 90 per cent. of the actual capital and, while not exact—a few banks being limited to 80 per cent., 75 per cent., and 60 per cent.—is substantially accurate. The column headed "Actual circulation" is copied from the official tables, as also the dates and number of banks. The column of per cents has been calculated and any possible errors can be detected by a division.

An examination of these figures shows that within three years from their organization national banks were circulating 75 per cent. of the full amount allowed them by the law; that they never went higher than 78 per cent., in 1868, and 78.7 per cent., in 1879; that this went down to 65 per cent. in 1876, fell steadily from 77½ per cent. in 1881 to 20.7 per cent. in 1891, and has slightly gained since, reaching 30.8 in 1895. If there were so much money or profit in the circulation of their own notes, we may be sure these national banks would not have failed to avail themselves of the opportunity to the fullest extent.

PROFITS ARE IN DEPOSITS, NOT CIRCULATION.

As has before been shown, the true source of profit in national banks, as indeed in all banks, is in the large amount of individual deposits. To induce these deposits they must command the confidence of the community. A bank is very much like the Texan's pistol. He did not often need it. Indeed, he went many years carrying around at considerable inconvenience a dangerous and heavy weapon; but when he did at last need it he needed it badly and at once, and he needed a mighty good one. Like the Irishman who wanted his money until he found the bank had it and would give to him, we all want to know that the particular money we receive for any transaction is good to-day and will be good at any time in the future.

THE VALUE OF A NAME.

The very fact that a certain institution is called a "national" bank, and is known to be under the regulations of the national banking act and regularly inspected by Government bank examiners who are clothed with authority to promptly take charge when conditions require it, is a strong evidence of soundness and tends to bring to it a larger line of deposits. In this is the chief profit.

Many a bank with but small capital has deposits very many times that sum, and on these makes the difference between the small allowance of interest on deposits and per cent. charged on loans. That the privilege of issuing their own notes is not generally a source of profit is shown by the figures given.

PROFITS OF NATIONAL BANKS.

There were, September 1, 1895, 3703 national banks in the United States. Of these 589 in the New England States earned, for the half year ended September 1, 1895, 2.1 per cent. on their capital and surplus; 840 in New York, Pennsylvania and New Jersey earned 2.97 per cent.; 166 in Delaware, Maryland, Virginia, West Virginia and the District of Columbia, 2.94 per cent.; 492 in the Southern States, 3.18 per cent.; 753 in Ohio, Indiana, Illinois, Wisconsin and Michigan, 2.96 per cent.; 556 in Iowa, Minnesota, Missouri, Kansas and Nebraska, 2.15 per cent.; 119 in Colorado, Nevada, California, Oregon and Arizona, 2.44 per cent.; while 188 in the remaining Northwestern States and three Territories earned 1 per cent. less than nothing for the time given. Savannah, Ga., 1 per cent.; St. Paul, Minn., 0.53 per cent.; Nevada, 0.49 per cent.; South Dakota, 1.76 per cent.; Washington, 1.55 per cent., and Montana, 5.88 per cent., are all minus quantities. In other words, they made nothing; did business for the time given at a net loss. The average earnings in all the United States for this period was 2.6 per cent. (Report of the Comptroller of the Currency, 1895, Part I, pages, 420-423.)

PROFITS OF STATE BANKS.

On page 14 of the same report returns from 928 State Banks from 24 States for the year ended June 30, 1895, give an average dividend of 7.2 per cent., or considerably above that earned by the national banks. Evidently banking is not the endless picnic which many seem to think; and, more than this, national banks are not making more money than State banks, in spite of the wonderful privilege they enjoy of issuing their own money.

HOW MONEY IS ISSUED.

Let us look into this question of issuing money a little further, so as to discover why it seems so fertile a source of invective on the part of those who oppose the national-bank system. It seems very fascinating to the average mind that one can sign his own bills and have, back of them, the whole credit of the United States. When one comes to look into the conditions they are not all so inviting. Uncle Sam hedges this privilege around pretty thoroughly. He says in substance that whoever pretends to furnish money to his people must give ample guaranty that this money shall be good—good not only now and for a few months, but good for all time; and so long as the United States lasts it will hold an ample fund with which to redeem any of these bills which the bank does not itself take up. It makes no difference whether the bank continues or ceases to exist. If it stops it can not get hold of the bonds which it had to deposit before it was allowed to issue its own paper until lawful money has been deposited to redeem the last of its bills. Uncle Sam's heartless Treasurer retains these bonds or this money regardless of the personnel or politics of the owners. No excuse is accepted, and nothing satisfies except the strict compliance with the letter of the law.

STARTING AND MANAGING A NATIONAL BANK.

But before a bank cashier or president can sit down and sign off his notes he has had to do several things. He has to associate with him four other persons, and they together have put up money enough to purchase $100,000, par value, of Government bonds. These are still expensive articles to have in the house, even if they have become rather more plenty since the Cleveland Administration acquired the habit of issuing them for running expenses. In the year 1895 this transaction would have required for fours of 1925, $121,752.70. On this outlay he will be able to float 90 per cent. of the par value, or $90,000. But he must always keep on hand a reserve of 25 per cent., either in this money or in that of those whom he can induce to deposit in his bank. This calls for $22,500 off, or leaves him a net circulation beyond his own bank of $65,500. His association can not do business in their hats; it must have vaults, and a safe, and a convenient location for its bank, and these things cost good money. He must have a full set of books and a sufficient force of officials and clerks to do the business. In our West and Southwest he must also lay in a fair supply of firearms with which to discourage those who wish to reach wealth by quicker ways than those usually accepted as legitimate. Of late he has to do this in other sections also. He has to pay local taxes, a circulation tax of 1 per cent., cost of redemption, express, plates, agents, and carry one-tenth of the net profits to a sinking fund to be available when needed to make up for bad debts or any other losses. His bank can only charge the legal interest in the State where it is located; a violation forfeits the entire interest. He must furnish reports to the Comptroller when demanded, and from time to time pay the charge fixed by law—$25 and up— to compensate the national-bank examiner who comes to check up his cash and see exactly how he is carrying on the business.

No overdraft can be cashed, not even for his best customer, nor can he loan to any one person more than a certain portion of the capital. No more real estate can be held than is needed for the bank's use, and if any comes in on debts it must be disposed of within five years.

In short, he is so hedged about with restrictions and limitations that his bank is safe—the safest in the world. It is just what a bank should be and fills a necessary place in every community.

WHAT IS A BANK GOOD FOR?

It is the fashion in these days for certain classes to lay all monetary ills at the door of banks and to declare that we would be better off without any banks at all. Well, we could get along without banks, or without hearts either, for awhile—a very short while! As a general proposition we need a heart for the gathering up, conservation, and redistribution of the blood which nourishes the body. Unless we have some such organ, without this force, either of blood for the individual or of money for the community, we get clogged up, and life, individual and financial, comes to an abrupt stop. The safety of the community lies in having the banks well regulated, secure as places of deposit, furnishing a supply of money to the people which shall have a stable value, and finally to have its own, and the funds of those who have deposited with them, to loan out to those who may need them in the carrying on of any business.

WE HAVE PASSED THE STOCKING PERIOD.

The coffee pot and stocking have ceased to be a safe and useful place for the deposit of the people's money. Even the hiding place under the floor or in the back yard has come to be more honored in the breach than in the observance. Indeed, there are those who declare that such hoarding of money is an offense against good morals as well as unsafe. We are 70,000,000 people, and the simultaneous withdrawal of five or ten or a thousand dollars by a large number of people would have a serious effect on the supply of money for all the people.

The peasants of France still do this, although in smaller proportion each year. The poor people of Mexico, who have no safe banks in which to deposit their little savings and a poor money to save, still dig holes in the ground to hide away their hoards; but the people of these United States are not like either of these. They possess the intelligence to see that such hoarding is not only unsafe and unprofitable for themselves, but against public policy.

GOOD BANKS ENCOURAGE THRIFT AND AID BUSINESS.

The day laborer who saves a few dollars each week can put his money into a secure bank where it earns him a small annual interest and is of service to others who need it for the time being. The farmer need not hide the surplus money from the sale of his crops (indeed, in these good Democratic days he has no surplus; his surplus is a deficit); he can deposit it and use it as his needs require. If he leaves it long enough he can get interest on his balances. The national banking system of the United States is the safest in all the world; it can be enlarged and extended to secure wider benefits to all the people. If necessary, the Government can guarantee the security of the deposits as well as that of the money issued by the banks. The statistics since the establishment of this system by the Republican party in 1863 show that a small tax on all banks would have been ample to cover such a guaranty against loss on deposits.

MODIFICATIONS OF BANKING LAW.

With the changed conditions due to the lapse of time, some changes are now needed to make the national-bank system more perfectly in touch with commercial needs

BANKS WITH $25,000 CAPITAL.

It is posible to safely reduce the limit of capital to $25,000 for smaller towns where so much as $50,000 cannot be conveniently raised or used. These should be encouraged, to the end that each community should have its own local banks and be more independent of those from a distance. If owned in whole or in part at home the management would be directly interested in the development of the place, and thus foster all legitimate home enterprises.

CIRCULATION TO PAR VALUE OF BONDS.

At present the limit of circulation is 90 per cent. of the par value of the Government bonds deposited. We are not likely to run any risk, even should the Democracy continue in power another four years—and such a catastrophe seems about to be averted by unanimous consent—in allowing the limit to be increased to 100 cents or to the par value of the national bonds deposited. This would tend to encourage the establishment of more national banks and the change from private and State to national banks.

TEMPORARY INCREASE OF CAPITAL,

Much is said about the need of an elastic as well as a safe currency. In times of financial stringency the need for legal-tender money is greater than in good times. It often happens that banks in outlying sections are unable to procure from their metropolitan correspondents the actual money needed. This may be remedied, in part at least, and with no risk of inflation beyond the actual needs of the country, by some such plan as:

1. Any national bank to have the right to increase temporarily its capital and thereby its circulation by remitting to the Treasury or the sub-treasury nearest to it Government bonds in any multiple of $1000 as collateral security and to receive in return by next mail its own unsigned notes in equal amount.

2. While such bonds are thus on deposit for such temporary loan the interest to be forfeited to the Government, and if they are not redeemed within one year, then the permanent capital of the bank to be increased to the amount of the former and additional capital and the bonds turned into the Treasury for sale.

3. If within one year the need for temporary increase of circulation ceases, the bank to be allowed to deposit lawful money and receive the bonds back again, less the interest and such sum as will cover the cost to the Treasury of the transaction.

Among the good results of such a plan would be that any bank holding Government bonds could within a few days get a supply of ready money without being wholly dependent on a distant money center. It would also make the bonds worth more at home, because of this provision, than abroad, and tend to keep them in this country and avoid the drain of interest to foreign countries every three months.

Indeed, it is possible that by this means some of the long-time, high-rate bonds issued by the Cleveland Administration could be refunded into lower rate bonds with this circulation feature as an inducement.

RETIRE ALL SMALL GOLD COINS.

The gold pieces of $2.50, $5, and $10 might be retired and only the twenty-dollar piece left for use. For the few who get a gold piece it would be better to have the coins of convenient and safe size. The ten-dollar piece is too small for either. Then the restriction of pieces of gold coinage would be an economy in coinage to the Treasury, while the fact that gold was only usable for coinage into twenty-dollar pieces would help to equalize the present disparity of values. This would be materially aided by the increased use of silver demanded to take the place of the one and two dollar bills.

THE ENDLESS CHAIN OF SECRETARY CARLISLE.

The threat of the Treasury notes, so graphically portrayed by Mr. Cleveland's Secretary of the Treasury, is due largely to the impecunious condition of the Treasury under the reduced revenues provided by the Wilson-Gorman tariff bill. When the revenues were ample, as under the Republican protective-tariff system, this alleged endless chain did not trouble the country; it did not trouble Secretary Windom; we had enough money left over each year to reduce the principal and interest of the public debt from fifty to an hundred millions. This was done, too, without stinting any proper use of money for the expenses of the Government. No one was then sitting up nights to see how they could stave off the pension payments from day to day so as to keep the expenses down to the meagre measure of the receipts under a Democratic tariff. Public works for which money had been appropriated were carried on, not grudgingly, as now, but with the idea that the people believed in having those things done, and well and promptly done. In those days, when there was plenty of money coming into the Treasury from the imposts on foreign goods—when the foreign manufacturer was doing his share to support this Government—we were not troubled, as is Secretary Carlisle now, about the Treasury notes.

STARTING THE ENDLESS CHAIN.

Any man who attempts to run his business between wind and water, between hay and grass, must not be astonished if all the world does not have confidence as to his financial standing. In this case we all knew that these United States were amply able to pay all bills, but in many well-informed quarters there was a very robust opinion that the parties at the head of affairs here were wholly incompetent to perform their duties. It was this opinion and the well-known condition of chronic impecuniosity of the Treasury under the Democrats that have set this endless chain so busily at work to plague and frighten the Secretary. The Republican party had this chain; it was in position, but it did not move; it stood still. It had stood thus so long that people had begun to think it was stuck; that in fact it was rusted fast and could not revolve, until, lo! Democratic impotence came to its own—came to attempt to direct the destinies of this mighty nation—oiled this chain with free trade, hard times, and no cash, when all at once it began rapid revolutions.

Confidence in the engineer, and a full knowledge that sufficient funds are to be provided, will "put this wheel to sleep" again, put it into the same state of innocuous desuetude in which the Democratic party now languishes.

TAXES PAID BY NATIONAL BANKS.

It is often alleged that national banks do not pay their full share of taxes. Money hidden in a stocking or buried in the ground cannot well be gotten at for taxation, but the capital, deposits, and circulation of a national bank are all of record; they cannot be hidden from the assessor, whether for the Government or for local purposes.

Up to March 3, 1883, they were required to pay a tax on capital and deposits, as well as on circulation. This amounted to—

Tax on capital (to March 3, 1883)	$ 7,855,887.74
Tax on deposits (to March 3, 1883)	60,940,067.16
Tax on circulation (to June 30, 1895)	77,539,004.86
Total	$146,334,959.76

This does not include cost of redemption, of new plates, and examiners' fees.

From 1883 to 1895 the figures show—

Semi-annual tax on circulation	$25,285,486.62
Cost of redemption	1,688,523.08
Cost of plates, new banks	199,610.00
Cost of plates, extended banks	197,395.00
Examiners' fees	1,862,415.73
Total	$29,233,430.43

GOVERNMENT GUARANTEE OF DEPOSITS.

From 1863 to 1895 only 303 national banks failed, less than 10 per year—a showing never made by any system of banks in the history of the world. Of these every one had on deposit bonds with which to redeem every dollar of their outstanding circulation. The total due to depositors by these banks when they failed amounted to $94,634,062, and of this the receivers appointed by the Government collected $69,686,616, and have already paid over net to these same depositors the sum of $60,314,185. One hundred and forty-nine are still in liquidation, so that the present total uncollected of $34,319,877 will be cut down probably one-half—say half a million per year.

The tax on circulation if left as now would be twice as much as would be required to absolutely guarantee every depositor from loss. If the tax were reduced one-half it would still be ample for this purpose.

With such a guaranty every person who deposited any sum whatever in any national bank would know that besides the solvency of the bank they had the full credit and pledge of the United States that their money would be repaid to them when demanded. Then with national banks in small towns, as would be possible with the capital requirement reduced to $25,000, there would be within the reach of all the people banks in which they could safely deposit their savings and not only receive reasonable interest thereon, but keep it in circulation for the benefit of the balance of the people.

Aldredge on Free Coinage of Silver

FROM REMARKS

of

HON. DONELSON CAFFERY

OF LOUISIANA

in the

Senate of the United States

WASHINGTON, D. C.

Friday, January 30, 1896

Aldredge on Free Coinage of Silver

FROM REMARKS

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HON. DONELSON CAFFERY

OF LOUISIANA

In the Senate of the United States

WASHINGTON, D. C.

Friday, January 30, 1896

MR. CAFFERY said:

Mr. President, I have here a speech delivered in Texas by Judge George N. Aldredge, and I propose, with the consent of the Senate, to insert it in my remarks without reading.

The PRESIDING OFFICER. If there be no objection, leave will be granted. The Chair hears none.

The matter referred to is as follows:

SPEECH OF JUDGE GEORGE N. ALDREDGE, OF DALLAS, TEX., ON THE FREE COINAGE OF SILVER.

The proposition that this Government should coin silver for the world, in unlimited amount, at double its market value, is so repugnant to the common sense of mankind that it ought to be unnecessary to discuss it, and would be but for the fact that a portion of our people have been misled by appeals to their prejudice and by the specious reasoning of sophists. If our Government were asked to declare that 2 quarts equaled a gallon, or to revise the multiplication table and enact that 10 times 10 equaled 200, all men would see the folly; but when asked to believe that $10 worth of silver, by being touched by the Government stamp, instantly becomes worth $20, many people honestly believe this miracle may be accomplished, and many others affect to believe it for practical purposes. In all ages of the world there have been delusions in reference to money, and in spite of uniform disastrous results many are ever ready to listen to the teachings of any charlatan who claims that he has discovered a shorter route to wealth. They refuse to apply to money that hard common sense which they exercise in dealing with the everyday affairs of life. The ignorant have always had superstitions about silver. Among the negroes of the South nothing would kill a witch but a silver bullet.

That our ancestors a hundred years ago fixed a unit of value in gold or silver and fixed a ratio between them is immaterial to us. Their example in so doing is not more binding on us than their methods of business, their means of transportation, or the implements with which they sowed and reaped. It would be a sad commentary upon our intelligence if we had learned nothing in a hundred years. We do know that in fixing a ratio they attributed no magic to the Government stamp, but sought diligently to ascertain the market value of the two metals in the leading nations of the world, and conformed, as they thought, strictly to this market ratio. By pursuing the method adopted by them we would now fix the ratio at about 32 to 1.

The consistent man is not the one who stands in one place always, regardless of the changing conditions around him, but it is he who, with intelligence and circumspection, adapts himself to the changed condition of affairs. For nearly twenty years every enlightened nation in the world has been on a gold-standard basis. They are all representative governments and their laws are made by their people and for their people. The government which first established the gold standard is more obedient to the will of its people than ours is. When an important administration measure is defeated by the representatives of the English people, the government is immediately placed in the hands of the opposition. The gold standard nations are those that have reclaimed the world from barbarism, and have given it all its learning and invention; where schools and churches abound; where the dignity of man is maintained and labor properly rewarded; and they control the commerce of the world.

ONLY WEAK AND HELPLESS NATIONS ON A SILVER BASIS.

These nations, after testing gold and silver for hundreds of years, voluntarily adopted the gold standard. No nation to-day has the silver standard from choice. It is only because they are weak and helpless to remedy the evil that any of them remain on a silver basis. But to-day the United States, the foremost nation in all the earth in solvency and resources, in intelligence and energy, is seriously invited to abandon the standard of civilization and commerce and to consort with half-civilized, half-clad people, who are weak and ignorant, who have little or no commerce; where bull fights abound and schools do not; where human labor is in sharp competition with the meek and lowly jackass; where a breech-clout is preferred to a full suit, and where the bulk of the people know no more about a standard of value than a mule does about the nebular hypothesis. Surely, we would do well to take a look at the company before we sit down to the feast.

The invitation is that this country, after having adjusted its enormous business for twenty years to a gold standard, shall suddenly readjust all business and all values to what is termed a double standard of gold and silver. The arguments advanced in behalf of such a change are:

First. A double standard resting upon gold and silver would give a more correct measure of value and one less liable to fluctuation than a single gold standard.

Second. Gold has appreciated in value and all property measured by it has declined in value.

Third. The supply of gold is inadequate to make it a safe standard and the scarcity of it will tend to the depression of prices.

Fourth. The free, unlimited coinage of silver at the ratio of 16 to 1 will create unlimited demand for silver and restore it to par.

Fifth. Free and unlimited coinage of silver at 16 to 1 will increase the prices of property.

With reference to the first proposition: A standard of value is some exact measure which enters into and becomes a part of every contract and to which all obligations are referable. If our Government could, by legal enactment, fix the value of gold and silver in the markets of the world and could keep them adjusted to a fixed ratio, a double standard would be practicable. But it can not fix or maintain value; the buyers of the world—the merchants—do that. When Abraham purchased his lot in Ephron's cemetery he weighed out to Ephron silver "current money with the merchant." And the merchants of the world have been saying what shall be "current money" from that day to this.

Governments are as powerless to suspend the law of value as they are to suspend the law of gravitation. Such being the case, I can conceive of two standards, one of gold and the other of silver, and contracts might be made referable to either standard; but the indeterminate double standard, resting on two metals, not linked together by any binding obligation, but both acting under go-as-you-please rules, is to me absolutely incomprehensible. We can not bind them together as we do two metals in the pendulum of a clock, or in the mainspring of a watch.

THERE CAN BE NO DOUBLE STANDARD.

No people ever did business under the imaginary double standard, and every attempt to enforce it has resulted in alternating from one standard to the other. England tried it for four hundred and seventy years and it was an utter failure. France changed her ratio 118 times in twelve years trying to walk the double-standard tight rope. We tried it, and went first to a silver basis, then to a gold basis, then to a paper basis, and then back to a gold basis. The phrase, "double standard," is a contradiction of terms. Standard means correct measure, and there can not be two different correct measures of value, any more than there can be two different correct weights to sell by, two different correct compasses to sail by, or two different correct thermometers to measure temperature by. If one measure is correct, the other can not differ from it and be correct. It is an inexorable law of money that when two metals are coined at a fixed ratio and both made legal tender, if either is undervalued in the coinage law the undervalued metal goes out of circulation.

About the middle of the fourteenth century Nicholas Oresme, the father of finance in France, announced his great law to Charles V; one hundred and thirty years later Copernicus, the founder of modern astronomy, announced it to the Prussians, and thirty-two years still later Gresham announced it to Queen Elizabeth. Macaulay, in his History of England, shows how perfectly this law worked in England,and eloquently describes the direful consequences. He was describing coins debased by clipping, but still legal tender. A coin is just as bad when debased by overvaluation in coinage as when clipped or counterfeited. In the one case the creditor is deceived and in the other he is forced. It is simply the difference between theft and robbery. The law of money has never failed. We know what will be its operation just as we know that the deadliest poison will kill because it always has killed.

The gold-standard advocates believe in gold as a standard with the largest possible safe use of silver among the people. The 16 to 1 dreamers believe in the so-called double standard and we are driven by this law to the use of silver alone. All gold-standard countries use large amounts of silver and no silver-standard country uses any gold whatever. As the practical question is the use of the metals, it follows that we are the bimetallists and the 16 to 1 people are the monometallists. Hence, the battle that is to be fought to a finish next year is whether we will remain under a gold standard with actual bimetallism in use among the people—gold and silver circulating freely without discrimination against either; or shall we have a so-called double standard at the mints and nowhere else, with silver monometallism in actual use? The battle is between substance and shadow, between those who want bimetallism in fact and those who want it in name only.

SILVER FRIENDS AND ENEMIES.

We are the friends of silver money, who would bring to its aid the power of the Government to keep it good, and they are its enemies, who, by unlimited coinage, would take from it the guaranty of parity by the Government, and thereby degrade it to its market value. Our Government has been and is now coining silver at the ratio of 16 to 1. It is enabled to do this because under the law it can restrict the amount coined,and being vested with this control it undertakes to make every dollar good money. The moment the Government loses control of the coinage, confidence in its ability to protect the money issued is gone, and a silver dollar then rests on its merits and is worth 50 cents. To illustrate: A merchant could very well guarantee the expenses of his clerk if he were allowed to control the expenses, but if the clerk demanded free and unlimited expenses, then the merchant would have to "stand from under" and let the expenses take care of themselves.

We hear a great deal of indignant declamation because the Government does not pay its "coin" obligations in silver. To maintain the parity between gold and silver it is essential that the Government, in receiving its dues and paying its debts, must ignore the inferiority of silver, just as a mother pretends not to see the limp of her lame child. This gives the option of metals to the person dealing with the Government, whether as debtor or creditor. If the Government should discriminate against silver by refusing to receive it for dues or by insisting on paying it instead of gold, that moment the parity would be gone and the silver in every man's pocket would be at a discount. Its coinage being under the control of the Government, the Government makes it good at its counter, and this makes it good at every counter in the world.

If there is anything in the double-standard-stability idea we ought to work for it for all it is worth. If two metals will fix value better than one, then three metals will beat two, and four beat three, and by having eight or ten metals in the standard we can anchor it so that it will not crawl an inch in a thousand years.

The second proposition is that gold has appreciated, and thereby depressed prices. The same cause operating upon a number of articles will produce the same effect in all those not affected by a contravening cause. When we contemplate prices we find that since the gold standard was adopted, February 12, 1873, some articles have declined in value, some have remained stationary, while some have risen in value; and no contravening causes will account for the failure of gold to depress all alike. We find that no two articles have declined at the same time or in the same degree, nor has any one article remained uniformly depressed. This demonstrates that, as to those articles that have declined, no one controlling cause can be assigned as having produced these results.

WHEAT PRODUCTION DOUBLED SINCE 1873.

The stock argument of the 16-to-1 people is that wheat and cotton have declined and they seem to gloat over the fact. I knew an old negro who, when asked how he was getting along, always replied, "Poorly, thank God," and they are thankful when the country is poorly on wheat and cotton. Since 1873 the vast fertile prairies of the Northwest have been turned into wheat fields, so that the production of wheat in the United States has been doubled since then. The same thing has been going on in Russia and South America. The wonderful improvements in machinery for harvesting wheat and the extension of railroads for transporting it to market gave an immense impetus to the production of it. A farmer can make more money raising it at 50 cents per bushel to-day than he could at $1 per bushel twenty years ago.

The result has been that the overproduction of wheat has reduced its price, and the gold standard had nothing to do with the reduction. Its price is regulated by supply and demand. Last May a little bug settled down on the wheat fields of the Northwest and in one or two weeks ate up one-half of the 16 to 1 argument on prices and sent the prices back into the neighborhood of those of 1873. The old hayseeds, who knew the habits of the chinch bug and the kind of a multiplication table he used in regulating the increase in his family, took the trains for Chicago, commenced buying wheat and broke all the smartaleks in the city. They may have talked gold-standard depression at home, but they put their money on the chinch bug in the city and won.

The caterpillar and bollworm can do the same thing for cotton. I only know the chinch bug by reputation, but I am personally acquainted with these worms. They are composed of appetite and skin. They do not care a tinker's blessing for anybody's standard, and when they invade the cotton fields of the South they send the price of cotton up in every mart of the world, gold standard or no gold standard. They have been doing business with us this summer and have moved the price of cotton up 60 per cent. This bug and these worms have not many friends, but as sluggers in an argument with a 16 to 1 crank they are entitled to the belt.

Cotton brought $1 a pound in New York during the war, and 30 or 40 cents a pound the first year after the war, on account of the four years' cotton famine from 1861 to 1865, and it was several years getting down to its normal price. The price declined when we made too much of it. The largest cotton crop made with slave labor was 4,669,770 bales, and I remember it was confidently predicted that no such crop would ever be made with free labor. The crop of 1872 was less than 3,000,000 bales, and we gradually increased it to a little less than 10,000,000 bales in 1894. India, Egypt and Brazil are also raising larger crops of cotton. The immense crop of 1894 was thrown upon a market illy prepared to receive it. For three years there had been less cotton goods consumed than usual, owing to the world-wide panic and depression of business following the Baring failure, and these two conditions meeting, overproduction and underconsumption, brought cotton down to a very low price.

COMMUNISTIC IDEA OF THE DUTY OF GOVERNMENT.

Some of the Populists tell us there can not be overproduction until every man, woman and child in the world has a rotund stomach and a full suit of clothes. This is based upon the communistic idea that it is the duty of the Government to take care of every loafer who is too lazy to work for a living, and is too contemptible to waste an answer on. If the gold standard depressed wheat and cotton, it was surely loaded at both ends, for it has shot some things up in price. The corn crop of the United States is more valuable than both the wheat and cotton crops combined.

The crop of corn made just preceding the gold standard, in 1872, sold for 34 cents at gold figures, and the crop of 1894 was worth 45 cents in gold, and it has generally been above the 1872 price. The oat crop is about equal to the wheat crop; oats were worth 29 cents in 1872 and 32 cents in 1894. Fat beef steers were worth $40 in gold in 1872 and $60 in gold in 1895. Hogs are worth more now than they were in 1872, and have generally been higher than they were then. The farmers' wives get as much in gold now for butter, chickens and eggs as they did in greenbacks in 1872, and this crop is more valuable than the wheat and cotton crops combined.

Tobacco, potatoes, bacon, hay, coffee, leather, whisky, and a hundred other things have not declined in price. The labor crop is equal in value to all other crops combined, and it has steadily advanced in price. Land is much more valuable in gold now than in 1872, notwithstanding it was depressed by the panic of 1892 and 1893. The price of wool has declined, but the world's production of it since 1872 has doubled and the use of it has been partly supplanted by the use of cotton goods. Horses have declined, but the railroads, electric cars and bicycles are doing the work they did.

COST OF PRODUCTION FIXES VALUE.

The cost of the production of an article fixes its value. This is necessarily so, because if the profit is large, others will be attracted to the business until the price is brought to its proper level. All articles manufactured by machinery have declined in price, for the reason that with each invention the cost of producing the article is lessened. Human genius has produced more results for cheapening production in the last fifty years than in all the ages of the world before that time. These grand triumphs of man over matter, instead of showing depression from a standard of value, show forth the glory and dignity of the human intellect, and are an unmixed blessing to the whole human family. Could anyone outside of a lunatic asylum attribute all these diverse and inconsistent movements of prices to one cause, and that cause acting evenly and uniformly upon all things alike?

Interest has declined since 1872 in my part of the country from 3 per cent. per month to 6 and 8 per cent. per annum. There is no denying the fact that the gold bugs did that. The South and West have saved more on the decline of interest than they have lost in the decline in wheat and cotton. Interest is always low under an honest standard, among an honest people, where money is plentiful. It is lower in London than in any other spot on the globe, because her standard is stable and her commercial integrity has been the care of her statesmen and her people for ages past. England's punctuality in meeting her obligations has made London the clearing house of the world.

Tyre was the London of ancient times. Seated on the eastern end of the Mediterranean, she reigned queen of commerce for centuries. The scepter of commercial greatness passed from her when her own children reared Carthage at the other end of that sea. Some three hundred years ago England planted colonies in America, and to-day the United States is England's only formidable rival for the commerce of the world. The object lesson of ancient history is being repeated. If the insatiable mine owners, by use of their millions, and the place-hunting demagogues, by unctuous appeals to prejudice, succeed in driving this country from the standard of civilization and commerce, the standard that announces integrity at home and inspires confidence abroad, to a fiat standard and silver basis, then England will have no rival to grapple with her in the marts of the world.

The third proposition is that the supply of gold is insufficient to make it a correct standard, and its scarcity will tend to depress prices. The average annual output of gold of the world for the first half of this century, in round numbers, was $15,000,000. From 1851 to 1865, covering the gold boom in California and Australia, the yearly average was $130,000,000. The output for 1893 was $155,000,000, and for 1894 $181,000,000. The birth rate among gold-using countries is not increasing, while the production of gold is on the increase, as just stated. This answer ought to satisfy even the extreme 16 to 1 people—the "per capita" Populist—especially in view of the fact that improvements in power and machinery are being applied to the production of gold, while the genius of invention finds no inducement offered nor field for operation in the population business.

My next answer is that the more highly enlightened the world becomes, and the greater the improvements in business methods, the less necessity there is for the use of actual money of any kind. Steam and electricity have so knitted civilized people together that they are practically one community. Business men speak to each other around the world as if they were assembled in the same building. Their business is done on a system of credits, without the use of money, except for ultimate settlement. Nor is this method confined to business men. It is broadening with the evolution of man from a lower to a higher plane of intelligence.

MAY LIVE WELL WITHOUT HANDLING MONEY.

A farmer may now live for a whole year on the fat of the land and never handle a dollar in money during that time. He may receive checks for his crop, deposit them to his credit with a bank, and draw on the bank for what he owes and spends. Neither he nor the men who bought his crop had a dollar in the bank. They only had credit there. The bank owns the money in its vaults, and its customers simply have the bank's obligation. Bank credits perform precisely the same work that gold and silver do, and they perform it much quicker and more conveniently. The Scots are the most conservative people in the world, and they have had the best banking system of any people for two hundred years. On a gold reserve of $23,652,000 they support bank credits to the amount of $448,288,000. The best authorities estimate that only one bill of exchange in five hundred thousand is ever paid in money in England. Gold, silver and other money perform 1 per cent. of the exchanges in this country, and credits, in the shape of bills, notes, checks, etc., do the other 99 per cent. The business of the world could no more be done to-day with gold and silver than its inland transportation could be done with ox wagons.

The 16 to 1 orators, in denouncing the act of 1873, assert that half the money of the country was destroyed, and hold out the idea that our money has been contracted to that extent. In 1872 our population was 40,596,000, and our per capita of money was $18.79. In 1894, after the country had been suffering with gold standard for twenty-one years, our population is 68,275,000 and our per capita of money is $35.44, and we have much better money now than we had then. The adoption of the gold standard as a measure of value did not increase the demand for gold for use to any great extent. Alcohol is the standard for measuring the strength of all spirituous liquors, yet that fact has never been found to be very straining on alcohol.

Fourth proposition, that the free and unlimited coinage of silver at 16 to 1 would create unlimited demand for silver and restore it to par. How the mere coinage of silver can in any way increase its use among the people I am unable to understand. If there was not enough of it for use as money and the Government was limiting the coinage of it, and thereby denying the people the use of it as money, then there would be force in the proposition to increase the coinage of silver. But our condition is exactly the reverse of that. The amount of coined and uncoined silver in the Treasury is $512,000,000, while the amount in circulation is about $107,000,000.

To encourage the use of silver by the people the Government exchanges coined silver at its mints for gold or legal-tender currency, and pays the express charges on the silver to any part of the country. This coined silver is all good money. The dollars are legal tender for all debts in any amount, and the halves, quarters and dimes are exchangeable, in sums of $20, for gold or other legal tenders. Notwithstanding the inducement offered by the Government to promote the use of silver, it has hitherto been unable to force into circulation more than about one-fifth of its stock on hand. Then why all this clamor for more coinage? If a man had five times as much blood in his body as his arteries and veins would circulate and four-fifths of it was lying idle around his heart, would anyone say that such a man needed a free and unlimited infusion of blood?

A government can no more induce people to use money they do not want than it can induce them to eat what they do not like. The true place of silver is as a change money. It is indispensable for that purpose and unsuited to any other, and all the silver-tongued orators in the land can not change this fact. The $1, $2.50 and $3 gold pieces were too small and were unpopular as change money, and the Government stopped the coinage of them. On the other hand, silver is not a debt-paying money in any considerable amount, nor the money of commerce, for the reason that it is too bulky and too heavy. When a man gets over $5 or $10 of it, he unloads on the first bank he comes to, and the bank unloads on the Treasury. Thus the circulation of it is limited to just what the people will use. When the people get enough of a thing they know it, and you can not argue with them about it. They are gullible on theories, but intensely practical in business.

NO "CRIME OF 1873."

We have heard a great deal about demonetization of silver. Let us see the extent of "the great crime of 1873." In 1853, in order to prevent the subsidiary coin from going abroad, the silver half dollar was reduced in weight from 206¼ to 192 grains, and the quarters, dimes and 5-cent pieces were reduced in the same proportion. These coins were then made a legal tender for only $5 in amount, and the coinage of them for private account was stopped; but the Government purchased the silver bullion and coined them as they were needed. So, no crime was committed in 1873 against the halves, quarters, dimes and half dimes. That crime was committed under Millard Fillmore.

In 1879 these coins were made legal tender for sums not exceeding $10. In 1873 the standard silver dollar of 412½ grains was left out of the coinage act and the trade dollar of 420 grains was substituted for it. This was done at the request of the Pacific Slope, to enable our dollar to compete with the Mexican dollar of about that weight in China and Japan. The standard dollar was not a legal tender from February 12, 1873, to February 28, 1878, at which time its recoinage was provided for and it was reinstated as a legal tender for all debts, in whatever amount. But $8,000,000 of this "daddy dollar" was coined prior to 1873, out of a total coinage of $1,000,000,000. Jefferson stopped the coinage of it in 1805, and for thirty years not one of them was coined, and the daddies never complained.

They did not have sense enough to see that Jefferson had sold out to Lombard street! These dollars were not in fact legal tenders prior to 1873, because the people did not tender them in payment of debts nor in purchase of goods. They had not been in circulation since Andrew Jackson was President, and hardly any middle-aged man had ever seen one of them. The people had demonetized them by melting them down, or by sending them abroad for that purpose, and to this good day they have never been demonetized in any other way. The act of 1873 simply recognized what the people had done, and for five years continued the policy that the people had been pursuing for nearly half a century. The legal-tender faculty of this dollar was restored to it seventeen years ago.

The Government has $350,000,000 of it on hand now, and has stood ready at all times to furnish it to anybody who wanted it. This is the biography of the demonetization mouse that has been evolved from a mountain of denunciation. The poor little thing never lived but five brief years, and has been as dead as a doornail for seventeen years. While it lived it was so harmless the people paid no attention to it. Shakespeare says, "The evil that men do lives after them." But it is even worse in the case of this mouse. The evil that it did not do lives after it in the shape of grasping mine owners, two-ply editors and unscrupulous politicians.

We are told that the standard dollar is not primary money. It is not a promise to pay; it is a legal tender for all debts, and it does not have to be redeemed in anything on the face of the earth. If any man can give a better definition of primary money than this, I would like to see it.

This Government is the fast friend of silver money and of the people who use it rather than of the American and English corporations who mine silver and would coin it at a fictitious valuation. Prior to 1873 this Government coined $144,000,000 of silver; since then, $537,000,000. In twenty-one years, under a gold standard, nearly four times as much silver was coined as in eighty-one years under the so-called double-standard. A certain kind lady always chloroformed her child when she whipped it. Miss Silver was assassinated in 1873, at a time when there was almost none of her in circulation, and since that fatal day she has thrived on assassination and has grown from a living skeleton to be the fat woman in the circus. In contemplating her brilliant post-mortem career I am constrained, with the apostle, to exclaim, "Oh death, where is thy sting? O grave, where is thy victory?"

NINETEEN YEARS OF PROSPERITY SINCE 1873.

After 1873 this country prospered as no other ever did for nineteen years, and we are asked to believe that it took this wide-awake nation nineteen years to find out that it was ruined by the legislation of 1873. The negroes in some sections believe in a hoodoo charm which is harmless for a year, and then suddenly develops insanity, fits, etc. The crime of 1873 seems to have worked in a hoodoo way.

The 16 to 1 people tell us that the coinage of silver will create unlimited demand for it. They decline to give us the howness or the whereforeness of this newborn demand, but with childlike faith they expect it to rise in all its beauty, as the fabled Venus rose from the froth of the sea. They say the demand will come; so the Seventh Day Adventists tell us the end will come, and if their picnic comes off first, they will not need silver; the demand will be for free and unlimited water. They contend if this Government takes all the silver that comes at 16 to 1, silver will be worth par all over the world, and they use an egg argument to prove it.

They say if a merchant advertises that he will pay 25 cents per dozen for eggs, so long as he has the ability to take all that comes, eggs will be worth 25 cents in all that country. But suppose the merchant did not take them? Suppose when a farmer drove up to his store the merchant said unto him, "My friend, you have misunderstood me. I am not buying eggs, I am simply counting them; certifying that they are good, and handing them back to you." What would eggs then be worth? The same old 10 or 15 cents per dozen. Under unlimited coinage the Government would not buy silver nor guarantee the value of the coins. It would stamp it "without recourse." Silver would come from every country in the world, and the Government would be a fool to undertake to guarantee the value of the coins by trying to preserve the parity between the metals. If a herder drove a lot of cow ponies through the mint, and they were branded "$100 horse" and delivered to the owner at the other end of the building, it would not improve the breed of the ponies nor create a wild demand for them at the brand price.

Our Government has lost $200,000,000 trying to create demand for silver, for the sole and separate use, behoof and benefit of the silver mine owner, by buying it when it did not want it and had no need of it; and the silver-mining "villain still pursues" it! Uncle Sam has this silver on hand now. It would load a two-horse wagon train 173 miles long, putting 1000 pounds on each wagon, and letting them occupy 30 feet each in line; and I am mean enough to want to see him get even with the game before we start a new deal for anybody's benefit.

If the unlimited coinage of silver by our Government could bring it to par, the immediate effect would be to start every mine and mill in the world running at its utmost capacity, a large portion of the unemployed capital of the world would seek this field, and the bowels of the mountains of the earth would be torn asunder to get the benefit of the double price. In 1894 $214,000,000 of silver was mined and sold at about 63 cents per ounce. If the price was raised to 129 cents per ounce, the 16-to-1 price, what would the harvest be? The old rule of three will solve the problem. If a railway engine will run 90 miles an hour on 63 pounds of steam pressure, how fast would it run on 129 pounds of pressure? The blasted thing would have to stop once in a while and wait for its shadow to catch up.

Senator Stewart and his crowd tell us there can be no flood of silver. In Noah's time there was a man of sanguine temperament like that. He was standing on the tip end of a high mountain and the waters were licking his toes. He hailed Noah and begged to be taken in the ark, but Noah had sailing orders from above, and refused to take him aboard. As Noah sailed away, he shook his fist at the old man and exclaimed, "Go to the devil with your old dugout; it isn't going to be much of a shower, anyway."

The fifth proposition is that 16 to 1 coinage will increase the prices of property. If this Government should open its mints to coinage of the world's silver at 16 to 1, we would go at once to silver monometallism. This is the voice of all history emphasized by the present status of every free-coinage country on the earth. We can no more have bimetallism in actual use and unlimited silver coinage than we can have a square, round object, or dry, wet weather. Wherein would the people be benefited if they get double prices in half-value money? If farmers' products brought double prices so would the manufacturers'. The benefits and advantages would be equal, except that buyers would always deduct enough to safely cover the fluctuations of silver, and this amount would be a dead loss to producers and a premium to speculators. I knew a boy who sold a cur dog for $100; but he took pay in pups at $20 apiece, so he was not materially benefited by the inflated prices.

INFLATIONIST SCHEME AGAINST THOSE WHO LIVE ON SALARIES.

The inflationists admit that their scheme is against the interest of all those who live upon fixed salaries. This includes everyone whose services are paid for by the year, month, week or day, from president of a railway system to hod carrier and those who draw pensions from the Government. History teaches that wages have never participated in boom prices created by debauching the money of a country. They have remained about the same whether paid in good or bad money. The wage earner is a traitor to himself and his family when he lets his prejudice lead him to the inflation camp, and agrees to take his fixed pay in a depreciated money. If this 16 to 1 movement should succeed he would find that he had lost all the vantage ground for which he and his brethren had struck and struggled for a hundred years.

The modicum of prosperity in manufacturing interests in Mexico is based on the degradation of their labor. We do not want prosperity at such a price, and we are getting it rapidly without swindling our labor. When the laborer prospers he becomes a consumer and his prosperity reacts upon and benefits all other interests. In Mexico they have many refined and wealthy people, but their laborer is a peon. He gets from 10 to 30 cents per day in money worth half its face value. He lives in a miserable mud hut, eats the poorest food that will keep his body alive, wears the meanest cloth that will hide it, and is even denied the privilege of a gentlemanly jag and has to get drunk on cactus juice. In every silver or double-standard country in the world the same degradation of labor is apparent.

We are told that silver is the poor man's money. This appeals to his prejudice, and is wholly untrue. Wages are not paid in silver at the end of each day, but they are paid by the year, month, or week in currency or gold, with just enough silver to make the correct change. The kind of money in transit is immaterial so it goes, but when it is hoarded, laid by for a rainy day, then its staying quality becomes interesting. The rich man hoards by investing in property or by depositing in a bank, and the bank has the option of paying him in silver, while a large per cent. of the poor men patronize the sockleg and the bosom of the earth, and they always hide gold for two reasons: They have more confidence in its stability, and being less bulky it is easier to hide. So these poor men are on a gold basis and the rich men are on a silver basis, if the banks elect to put them there.

Prejudice is the curse of this country. It is the only reef in the path of our ship of state, the only menace to our experiment of self-government. The prejudice of the uninformed makes them the prey of professional agitators, calamity howlers, and politicians who are an hungered for office.

The argument is made that we owe so much foreign debt that the interest is confiscating us. The ablest financiers on this continent, who have made the subject a study, place our foreign debt at $2,000,000,000, which, as they estimate at a 4½ rate of interest, amounts to an annual interest account of $90,000,000.

WE ARE NOT INSOLVENT.

If we are actually insolvent and cannot pay we ought to make a general assignment for the benefit of all our creditors. That is the way an honest man does when he fails in business. He does not hide out his property and offer 50 cents on the dollar. Instead of being insolvent we are better able to pay than any people on the face of the earth. Our national debt is, in round numbers, $915,962,000. It has been reduced to one-third its former amount. In 1865 it was $2,845,907,000.

The debt of Great Britain and Ireland (the creditor nation) is $3,350,719,000; the debt of France is $4,446,000,000; Russia, $3,491,000,000; Austria-Hungary, $2,866,000,000; Italy, $2,324,000,000; Germany, $1,656,000,000; Spain (with one-fourth of our population), $1,251,000,000. The per capita debt of France is $116; of Great Britain and Ireland, $87; Italy, $76;

Spain, $73; Russia, $30, while our per capita debt is $14. Uncle Sam, bless his old soul, is the only good housekeeper in the whole lot! Our bank deposits amount to $4,000,000,000, while those of all Europe only amount to $6,500,000,000. By our last census our per capita of wealth, as shown by the assessment rolls, was $341, and the people have never been bad about assessing their property too high.

The war veterans can not be for repudiation on account of our alleged inability to pay. It is a fundamental principle of law and morals that a man must be just before he is generous, and that gifts made by an insolvent are void as to creditors. Our Government is giving them about $140,000,000 annually. If we can afford to be liberal we ought to strain a point and be honest, too. If our Government can give it like a prince it ought to pay like a gentleman.

A large part of the debts figured against us are, in fact, not interest-bearing debts. They consist of railroad, real estate and other corporation debts where defaults were made, and mortgages on the property have been foreclosed, the property sold, and the debts practically extinguished.

The only debts that the people at large are interested in are the national debt and the State debts. The State debts, by the last census, amounted to $228,997,387. The county debts amounted to $145,048,045; school district debts, $36,701,948, while the debts of cities and towns amounted to $724,463,060, making a total of $1,135,210,442. You will observe that about three-fourths of this total debt is owed by cities and towns. With this borrowed money they have built gas, electric light and water works plants, paved their streets, etc.

Now, the 16 to 1 city man asks his country brother, who uses coal oil in his house and darkness outside, who draws his water from a well and bathes in the creek, who splits the mud in wet weather and kicks up the dust in dry, to help him repudiate the debt incurred by him in getting ahead of the countryman as to these comforts and conveniences of life. As to all our private domestic debts it is immaterial to the Government whether the red-headed men owe the blackheaded ones or the black-headed ones owe the red-headed ones. One holds the debt and the other holds the property it purchased, and they cancel each other.

The suggestion is sometimes made that by the enhancement of gold, debts have been increased when measured in property, and therefore they ought to be scaled. I have discussed the gold enhancement theory, but desire to add that practically all our debts were contracted since the gold standard was adopted, and that standard entered into and became a part of every contract, and if gold has advanced it would be just as dishonest to pay by any other standard as it would be if it had not advanced. If a man contract for a thousand bushels of corn it is no answer to his contract to say that corn has risen since the contract was made. Besides, all our obligations have passed from hand to hand, most of them many times, and the present holders had no more to do with the rise or fall of gold than they did with the rise or fall of the tides.

SOCIALISM MEANS REPUDIATION.

The underlying fructifying element of this 16 to 1 movement is socialism. It is the same old effort to get something for nothing. The Coxeyites wanted grub for nothing. The single-tax cranks want land for nothing. The Populists want Government monopoly of transportation and private monopoly of the wailing business for nothing. The 16 to 1 people want 50 per cent. of debts for nothing. The Bellamyites want everything for nothing. And I might suggest that the new woman wants our bifurcated garments for nothing; but that is not pertinent to the subject under discussion, and I will not do so.

The movement means repudiation. All else is theory, pretence and dreams. It is an effort to pass a left-handed bankrupt bill, not for the benefit of the unfortunate debtor who cannot pay, but for the rich as well, who can pay, but want to beat their creditors. The poor man is not in debt. He never had a chance to get in debt. The corporations, speculators and plungers generally constitute the debtor class. Every wage earner belongs to the creditor class. No one would be benefited by 16 to 1 coinage except the debtor class. Even the mine owner would not, for the temporary stimulus given to silver would increase its production until the price would fall below what it is now. On the other hand, all would suffer.

FREE COINAGE BILL WOULD PARALYZE BUSINESS.

If a bill for free coinage of silver at 16 to 1 were to pass either House of Congress, and it was ascertained that it would pass the other House, and that the President would sign it, the panic that would ensue would be to that of 1893 what a tornado is to a zephyr. Creditors, to avoid being paid in debased money, would crowd and crush for payment as the people do for exit in a theatre on an alarm of fire. Credit and confidence, the twin divinities of prosperity, would depart from us. All business would be paralyzed, labor unemployed, and despair would hang her black pall in millions of homes, only to be lifted when reason resumed her sway. It took France fifty years to entirely recover from the John Law fiasco.

The demagogues, in order to undermine the moral sense of the people and make repudiation palatable, rail about England's wealth, and falsely assert that she is trying to dictate our monetary system and to crush us. England is rich, but if she is trying to ruin us she has a peculiar way of manifesting her hostility. For the year ended June 30, 1894, she took $423,000,000 of our exports, about seven times as much as all the free silver countries in the world. We took $107,000,000 of her exports, and she paid us the difference in gold or its equivalent.

Did you ever hear a butcher or a baker or a man with cotton to sell complaining that his customers had too much money to spend? Instead of trying to drive us to a gold standard it would be immensely to her interest to have her commercial rival abandon the standard of commerce and take a back seat with the half-civilized, non-commercial nations. The ridiculous story of Ernest Seyd was exploded years ago, and though the vase was shattered, the scent of that lie hangs 'round the country still. The silver-tongued orators still tell the people there was a conspiracy to demonetize silver, although no man has ever been able to call the name of a single conspirator.

In 1873 the motive for demonetizing silver was on the wrong side. The silver dollar was then worth nearly 3 cents more than a gold dollar. Who at that time could foresee the fall of silver? Our statesmen and financiers are as shrewd as any on earth, and they got no glimpse of the coming event. Only to these unnamable conspirators was the revelation vouchsafed. It seems they had a little Patmos Isle all to themselves, and worked the world on the heavenly tip!

STANDARD DOLLAR NOT DEMONETIZED.

Several Congressmen, in the presence of an irate constituency, have stated they did not know the standard silver dollar was being demonetized when they voted for the act of 1873. It was read several times in their presence. There is no way to make people understand things. They might have been deaf. One all-sufficient reason why they did not so understand is that it was not being done. This dollar was not demonetized, but, on the contrary, has been money and good money every day since 1792.

England has loaned us money at a lower rate of interest than anybody else would. This is the very head and front of all her offending, and the violent 16 to 1 people want to punch her head for doing this. There is an old adage which runs this way: "If you want to lose a friend, lend him money."

To prove that it is repudiation of debt and not coinage the 16 to 1 man is after, propose to him free and unlimited coinage without the legal-tender attachment. If there is nothing the matter with silver except the fact that it is debarred from the mints, then free and unlimited coinage, without the legal-tender provision, would set it all right and bring it to par. Gold would not suffer by such a test. Your proposition would nauseate him. Why? Because it is not coinage he is after, but repudiation, by means of a legal-tender law.

They propose two plans for forcing a debased silver standard on the country; first, not allow contracts for payment in gold; second, if this does not work, then reduce the gold in a gold dollar. With reference to the first plan, maintaining the value of money by legal enactment and penalties has been tried in most countries and has proven an ignominious failure in every instance.

England tried it off and on for nearly five hundred years. France tried it for centuries. The North tried it with greenbacks and the South tried it with Confederate money. While it was a death penalty in France to refuse the assignats, they fell in value until it took $36,000 of them to buy one dollar in specie. Eggs must have been worth $500 apiece in assignats. What a pity our inflation friends could not have lived there and then. A government can rob one part of its people for the benefit of the other part as to existing debts, but there its power ends. It cannot make its people trade with each other except upon terms satisfactory to both parties to the contract.

CONTRACT RIGHT THE BULWARK OF LIBERTY.

If the money offered to the seller does not suit him he does not sell. If offered to a laborer he would need rest. If offered to a farmer for his produce he would only have enough for home consumption, until he found a man with better money, and so it would be all along the line. The proposal to take away the right of contract shows that desperation has usurped the seat of reason. We hold all that we do hold by virtue of contract right. It is the bulwark of our liberty. It was for this, above all things, that Magna Charta was written. When we surrender this supreme right we go back to barbarism and become miserable puppets to every mob that may seize the helm of State.

The other method suggested to bring about parity of the metals is to reduce the gold in a gold dollar. Our Government has hitherto manifested blind, unreasoning prejudice against that kind of statesmanship. Indeed, it has had its deputy marshals busy for a hundred years hunting misguided patriots who were trying to take this near cut to wealth. If this sort of bill ever passes Congress, I suggest as a rider to the bill that all convicted counterfeiters be liberated and given right of action against the Government for false imprisonment. All Governments have honored their pioneers, and these men were but the forerunners—the John the Baptists of this new religion of debauchment of our money.

EFFECT OF REPUDIATION ON OUR COUNTRY'S FUTURE.

A republic rests entirely upon the morals of its people. The story of Washington and his hatchet, told by loving lips to innocent childhood, has made millions of truthful men and women. What would be the effect in this country upon unborn generations of a story like this: At the close of the nineteenth century the people of the United States became so corrupt they repudiated one-half of their debts by paying them in money worth only half of its face value?

An American in a foreign land looks with a swelling heart upon "Old Glory" as it proudly flaunts the breeze, the symbol of liberty and honor. Pass this act of repudiation and he would look upon it with shame. For enthusing purposes we might as well pull it down and run up a dish rag.

But, Mr. President and gentlemen, allow me in conclusion to say that our country is in no danger of repudiation. This 16 to 1 coinage clamor is but one of the manifestations of hard times, brought on by the late panic. On lowlands in the nighttime, a deadly miasma accumulates, but when the bright sun climbs over the hilltops, and shoots his purifying rays into the bottom, the miasma is dispelled, the atmosphere is sweetened and made wholesome, and men go forth to their daily avocations with assurance of health.

BABCOCK ON MONEY

HISTORY

OF

MONEY

AND

Financial Legislation in the United States.

SPEECH OF HON. J. W. BABCOCK,

OF WISCONSIN,

In the House of Representatives,

WASHINGTON, D. C.

1896.

BABCOCK ON MONEY!

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SPEECH OF HON. J. W. BABCOCK,
OF WISCONSIN,

In the House of Representatives,
WASHINGTON, D. C.
May 22, 1896.

Mr. Speaker: Thirty-five years ago the Republican party, confronted by the gravest exigency in our national life, originated and adopted a system of currency and credit.

This system was subjected to the severest of all tests—civil war in its most tremendous form—but achieved a success and earned a place among the monetary systems of the world far greater than any ever instituted by any government on the face of the earth.

THE REPUBLICAN PARTY HAS STEADFASTLY MAINTAINED THE HIGH STANDING OF THIS SYSTEM THROUGH ALL THE YEARS OF ITS ASCENDANCY; HAS HELD FIRMLY TO AN INTERCHANGEABLE CURRENCY BASED UPON COIN, EVERY DOLLAR OF WHICH HAS BEEN MAINTAINED AND REDEEMED ACCORDING TO THE ORIGINAL PLEDGE.

The same party is to-day, as ever, in favor of the same sound money, and will continue to maintain, by prudent legislation, the same wide use of gold, silver and paper with profit and security to all the people.

OUR METALLIC MONEY.

Under the Confederation of 1778 Congress was given the sole and exclusive right and power to regulate the alloy and value of the coin struck by their own authority, or by that of the respective States, but, having no power to enforce its laws in the States, and no revenues with which to carry out its own right of coinage, nothing was done.

Under the Constitution, Congress was given the exclusive power to coin money, to regulate the value thereof and of foreign coins. It was expressly provided that no State shall coin money, and Congress exercised this power by the passage of the act of April 2, 1792, establishing a mint and regulating the coins of the United States.

In this act the "dollar" of gold or silver was adopted as the unit money of account, with the dollar coin of 371.25 grains of pure silver as the base.

FROM SILVER TO GOLD BASIS.

Between 1792 and 1834 we were under a bimetallic system, with the silver dollar as the actual unit on a basis of 15 to 1. Spanish dollars until 1816, and other foreign coins of both metals until a later date, were also a legal tender; but, as our lighter weight silver dollars were exported to the West Indies, where they passed at par, we were without a sufficient national currency of either or both metals.

Legislation was therefore necessary, and by the laws of 1834 and 1837 the weight and fineness of the gold coin—and by the latter act the weight and fineness of both coins—were changed so as to make the ratio 16 (15.98) to 1, and to establish the double unit, viz: The eagle of gold and the dollar of silver.

COINAGE AND EXPORT OF SILVER TO 1853.

This change undervalued silver, as the act of 1792 had undervalued gold; and, as a result, silver went out of the United States to countries where it was worth more than with us.

In 1847 our coinage of gold was $20,202,325, which fell to $3,775,513 in 1848; while silver, in 1847, was $2,374,450, and $2,040,050 in 1848.

The effects of the California gold output were felt in 1850 and its coinage increased, while that of silver decreased.

In 1850 the gold coinage was $31,981,739; in 1851, $62,614,493; in 1852, $56-846,188; while silver, in 1850, was $1,866,100; in 1851, $774,397, and in 1852, $999,410.

CONDITIONS IN 1853.

By 1853 (in spite of an annual coinage of over a million dollars in halves, quarters, etc.) there was not enough subsidiary silver for small change, and we were on practically a gold basis. By the act of this year the values of the minor silver coins were reduced so as to stop their exportation, and what was a still more important act, these were made a limited legal tender for all amounts not exceeding $5. This was the first step in the impairment of the double standard, established by the gold act of 1834.

CAUSES.

There were good reasons for this action. Silver was scarce, gold was plentiful, and it had been found necessary to coin silver in small denominations and with smaller proportionate values than the standard dollars to keep them at home for domestic use.

INCREASED GOLD OUTPUT.

The world's supply of gold had suddenly increased because of the California and Australian output. From an annual product of about $13,482,000 in the period from 1831 to 1840, it reached $132,500,000 after 1850. The natural result was to raise the value of silver and to lower that of gold.

NO SILVER IN CIRCULATION.

Then, too, we had no silver dollars in the country, or at least not in sufficient quantities to figure largely as a circulating medium. We had coined none from 1806 to 1836, and from 1836 to 1853 we had only coined of dollars 1,067,373, all the other silver coinage in this period being of minor money.

GOLD THE ACTUAL STANDARD.

While, therefore, after 1853, except for the minor coins, the double standard was the law, yet the actual condition was that of a single gold standard.

RESUME.

Let us briefly review—

The act of 1792 made the silver dollar the unit, at 15 to 1; those of 1834 and 1837 changed the ratio to 16 to 1; that of 1853 reduced the values of the minor silver coins and limited their legal tender to $5.

While the acts of 1834 and 1837 made the eagle of gold a co-unit with silver, they did not repeal the act of 1792, which based the unit of a bimetallic money on the silver dollar.

But from the causes already named 1853 found us practically with a single gold standard, with gold as the cheaper and more plentiful metal. While silver dollars were a full legal tender, they were not greatly used, because they were usually worth more abroad than at home and were exported. Gold was the chief and sole base for coin currency.

SILVER DOLLARS COINED UP TO 1853.

We could not, indeed, have had many silver dollars then, because the total coinage of these up to 1853 had been only $2,506,890. This condition obtained until the exigencies of the civil war drove all coin money out and gave place to bonds, greenbacks and national-bank notes.

GOLD STANDARD INTENDED.

There is no doubt as to the intention of the lawmakers at that time on this point. They were legislating for a single gold standard, although they left the silver dollar as a co-unit. That this was the end sought is shown by the remarks made by the chairman of the Committee on Ways and Means:

" We mean to make gold the standard coin, and make these new coins—

(The subsidiary silver of proportionately less value)—

applicable and convenient, not for large, but for small transactions."

Another member of the same committee said:

" We have had but a single standard for the last three or four years; that has been and now is gold. We propose to let it remain so, to adapt silver to it, to regulate it by it."

In 1861 came the civil war, the tremendous expense account of the Government, the exhaustion of our current money, and later the issues of paper money in Treasury notes and bonds and national-bank notes.

HISTORY OF THE ACT OF 1873.

This act, concerning which so much has been said, was introduced in the Senate April 25, 1870; was considered through five sessions of Congress, and became a law February 12, 1873.

IT HAS BEEN CHARGED THAT THIS BILL DEMONETIZED SILVER, NOT OPENLY, BUT BY MEANS OF AN AMENDMENT NOT FULLY KNOWN OR UNDERSTOOD EXCEPT BY A FEW. LET US FOLLOW THE COURSE OF THIS BILL.

THE ORIGINAL BILL.

As originally presented, April 25, 1870, section 14 made the gold dollar of 25.8 grains the standard of value, the unit of computation.

Section 15 provided that the weight of the silver coins should be for the half dollar 192 grains (the dollar was not mentioned), with proportionate values for the quarter, 25-cent piece and dime; and that these should be legal tender for $1.

Section 18 enacted that no coins other than those mentioned (that is, gold and minor silver) should be thereafter coined.

SILVER DOLLAR PIECE DISCONTINUED.

On page 11 of the report which accompanied this original bill are the following words:

"The coinage of the silver dollar piece is discontinued."

THE DISCONTINUANCE OF THE SILVER DOLLAR PIECE is pointed out by the committee three times in other places in this report. IN ALL THE DISCUSSIONS AND IN EVERY FORM OF THE BILL THESE TWO FEATURES, making the gold dollar the standard unit of value and the omission of the silver dollar (of 412½ grains), REMAIN UNCHANGED. Indeed, sections 14 and 18 (afterwards section 17) were never changed, but passed absolutely as first presented in the original bill.

SILVER SECTION.

Section 15 passed through enough changes to warrant the idea that its every provision was understood by all fully. In the Senate it first went through unmodified—36 to 14—(January 10, 1871) SENATOR SHERMAN VOTING AGAINST AND SENATOR STEWART, OF NEVADA, VOTING FOR IT.

LEGAL TENDER FIVE DOLLARS.

In the House Committee this section was amended to make the legal tender $5; but, owing to lack of time, the bill went over.

On March 9, 1871, Mr. Kelley, in the House, reported the same bill as amended by the previous House Committee; that is, with the legal tender raised to $5; and, except for the 5-cent piece, it was an exact reproduction of the law of 1853. No silver dollars were to be coined, and this minor coinage was to be a legal tender for $5 only.

A 384 GRAIN DOLLAR.

In the discussion it was shown that some desired to have a silver dollar included, although all agreed that its legal tender should be limited, and that its contents should be not 412½ grains, but twice that of the proposed half dollars, or 384 grains.

On February 13, 1872, Mr. Hooper reported it back as H. R. 1427, with these provisions:

"Section 16.—That the silver coins of the United States shall be a dollar, a half dollar, a quarter dollar and a 10-cent piece, and that the weight of the dollar shall be 384 grains, the half and other coins in proportion, and that these shall be legal tender for $5."

This passed the House May 27, 1872. It will be noted that THIS IS NOT THE OLD STANDARD DOLLAR of 412½ grains, but a subsidiary coin for change and of limited legal tender.

TRADE DOLLAR.

There were some who desired to attempt a competition in the East Indies with the Mexican dollar, and through these the bill was still further modified. As it was finally passed, in the Senate January 17, 1873, and House, February 7, 1873, the silver clauses were as follows:

A trade dollar of 420 grains for this export trade, although it was made a legal tender and so remained until July 22, 1876, for $5 at home; a half dollar of 12½ grams (on the basis of a silver dollar of 386 grains); and minor coins of proportionate value.

All these were made legal tender for $5 only. A 5-cent piece was included in the copper and nickel coins.

412 1-2 GRAIN DOLLAR NEVER IN THE BILL.

From the foregoing it is plain that the silver dollar of 412½ grains, "THE DOLLAR OF THE FATHERS," WAS NOT DROPPED OUT SURREPTITIOUSLY, BECAUSE IT WAS NEVER IN THE BILL TO BE DROPPED OUT. No one wanted it there. First they had a half dollar (no dollar), then a dollar of 384 grains, then a trade dollar for the Pacific Coast trade to the East Indies, and a half dollar of 12½ grams or 192.9 grains (at the rate of 386 grains for a dollar), and all this silver was, from first to last, a limited legal tender for from one to $5.

WHY WAS SILVER DROPPED OUT?

In his speech (House, April 9, 1872, Congressional Globe, pages 2306-2308, volume 102), one of ten columns, by the way, Mr. Hooper, for the committee said:

SILVER DOLLARS NOT A CIRCULATING COIN.

"Section 16 re-enacts the provisions of the existing laws defining the silver coins and their weights, respectively, except in relation to the silver dollar, which is reduced in weight from 412½ to 384 grains, thus making it a subsidiary coin in harmony with the silver coins of less denomination to secure its concurrent circulation with them. The silver dollar of 412½ grains, by reason of its bullion or intrinsic value being greater than its nominal value, long since ceased to be a coin of circulation, and is melted by manufacturers of silverware. It does not circulate now in commercial transactions with any country, and the convenience of these manufacturers in this respect can better be met by supplying small stamped bars of the same standard, avoiding the useless expense of coining the dollar for that purpose."

MR. STOUGHTON SAYS SILVER DOLLAR IS TOO VALUABLE.

On the same day Mr. Stoughton, of Michigan, made a speech of seven columns, in which he said (same volume, page 2308):

"The silver coins provided for are the dollar (384 grains troy) the half dollar, quarter dollar and dime, of the value and weight of one-half, one-quarter and one-tenth of the dollar, respectively; and they are made a legal tender for all sums not exceeding $5 at any one payment. The silver dollar as now issued is worth for bullion 3¼ cents more than the gold dollar, and 7¼ cents more than two half dollars; having a greater intrinsic than nominal value, it is certain to be withdrawn from circulation whenever we return to specie payment, and to be used for only manufacture and exportation as bullion."

MR. POTTER DECLARES LEGAL TENDER SHOULD BE GOLD.

Mr. Potter, in discussing this part of the bill, said:

"Mr. Speaker, this is a bill of importance. When it was before the House in the early part of this session I took some objections to it which I am inclined now to think, in view of all the circumstances, were not entirely well founded; but after further reflection I am still convinced that it is a measure which it is hardly worth while for us to adopt at this time. * * * This bill provides for the making of changes in the legal-tender coin of the country and for substituting as legal-tender, coin of only one metal, instead, as heretofore, of two. I think myself this would be a wise provision, and that legal-tender coins, except subsidiary coin, should be of gold alone. But why should we legislate on this now, when we are not using either of those metals as a circulating medium?

"The bill provides also for a change in respect of the weight and value of the silver dollar, which I think is a subject which, when we come to require legislation about it at all, will demand at our hands very serious consideration, and which, as we are not using such coins for circulation now, seems at this time to be an unnecessary subject about which to legislate." (Page 2310, volume 102).

MR. KELLEY FAVORS GOLD AS STANDARD AND SILVER AS SUBSIDIARY MONEY.

And Mr. Kelley (who is reported as having said afterwards that he "did not know that the bill omitted the standard silver dollar") said on the same day (Globe, volume 102, page 2316):

"I wish to ask the gentleman who has just spoken (Mr. Potter) if he knows of any government in the world which makes its subsidiary coinage of full value? The silver coin of England is 10 per cent. below the value of gold coin, and, acting under the advice of the experts of this country and of England and France, Japan has made her silver coinage within the last year 12 per cent. below the value of her gold coin, and for this reason it is impossible to retain the double standard. The values of gold and silver continually fluctuate. You cannot determine this year what will be the relative values of gold and silver next year. They were 15 to 1 a short time ago; they are 16 to 1 now.

"Hence all experience has shown that you must have one standard coin which shall be a legal tender for all others, and then you may promote your domestic convenience by having a subsidiary coinage of silver, which shall circulate in all parts of your country as legal tender for a limited amount and be redeemable at its face value by your Government. But, sir, I again call the attention of the House to the fact that the gentlemen who oppose this bill insist upon maintaining a silver dollar worth 3½ cents more than the gold dollar and worth 7 cents more than two half dollars, and that so long as those provisions remain you cannot keep silver coin in the country."

In another place in the same speech Mr. Kelley said:

"Every coin that is not gold is subsidiary. I repeat it, sir. Every coin that is not gold is subsidiary."

SENATOR STEWART DECLARES FOR GOLD.

Speaking on another subject a few months afterwards Mr. Stewart, then as now, a Senator from Nevada, said (page 1392, volume 2, part 2, Congressional Record):

"I WANT THE STANDARD GOLD, AND NO PAPER MONEY NOT REDEEMABLE IN GOLD."

About two weeks later, on February 20, 1874, the same gentleman said (same volume, page 1677):

"By this process we shall come to a specie basis, and when the laboring man receives a dollar it will have the purchasing power of a dollar, and he will not be called upon to do what is impossible for him or the producing classes to do, figure upon the exchanges, figure upon the fluctuations, figure upon the gambling in New York; but he will know what his money is worth. GOLD IS THE UNIVERSAL STANDARD OF THE WORLD. EVERYBODY KNOWS WHAT A DOLLAR IN GOLD IS WORTH."

Thense are the words of Senator Stewart before he became simply the representative of a special interest.

PUBLIC DISCUSSION OF ACT OF 1873.

It has been charged that very little was said in the public press about this legislation. To this the answer is that in 1873 neither metal was in circulation; and it was also simply a reiteration of what had been a commercial condition for more than twenty years. The bill itself had been before Congress three years; its every provision had been fully discussed; it was finally passed with only the addition of the trade dollar, and there was not much worthy of extended comment.

THE PRODUCTION OF GOLD AND SILVER.

The legislation of 1853 and 1873 was based on commercial conditions which in turn were largely caused by the variation in the output of these two metals, both in the United States and in the world. Let us briefly study these and see why, from 1853 to 1873, and even for a few years afterwards, gold was the more plentiful and cheaper; why later, the price of silver fell so that the two were on a parity; why it kept on falling to far below this limit, and finally why in recent years the change in the ratio of production has tended and still tends, strongly to induce the belief that a few years more will see them near the former parity.

GOLD IN THE UNITED STATES.

Up to the year 1848 our annual output of gold had never exceeded a million, except a trifle in two years. In that year it suddenly rose to ten millions (an amount equal to the total annual world product up to 1840); in 1849 to forty millions; in 1850 to fifty millions, and ranged from that figure to sixty-five millions up to 1860. Then for five years it ranged from forty to forty-six, and from 1865 to 1870 averaged over fifty millions. For the next five years it averaged under forty, to go to fifty-one millions in 1878, and ranged from thirty in 1883 to $39,500,000 in 1894. It did not touch the forty-million mark after 1871, except $51,200,000 in 1878. The recent increase dates from 1892, when it was at the low-water mark of $33,000,000. In 1893 it went to $35,900,000. In 1894 it reached $39,500,000. The product of 1895 has not yet been stated by the Director of the Mint, from whose report all the foregoing figures have been taken, but Mineral Industry, an authority on such subjects, under date of April 10, 1896, gives the United States gold product as $46,830,000, or an increase of over seven millions. The Director of the Mint, under date of April 14, 1895, estimates the 1895 product as about $47,000,000, a substantial agreement with the figures of Mineral Industry.

GOLD IN THE WORLD.

The gold product of the world had averaged for many years before 1840 a little over ten millions per year. In the ten years from 1841 to 1850 this suddenly rose to the then unprecedented figure of $36,393,000. Not content with this enormous gain, the next five years, 1851 to 1855, showed a product of more than three and a half times as great, $132,513,000, or the immense sum of $662,566,000 for the five years. From 1856 to 1860 it averaged $134,083,000; fell off eleven millions in the next five years; rose to $129,614,000, 1866 to 1870; fell to $115,577,000, 1871 to 1875; to $114,585,000, 1876 to 1880, and to $99,116,000, 1881 to 1885. This was the gold low-water mark for the world for the past forty years. Since that time it has steadily increased, until for the year 1892 it reached a sum higher than ever before known—to the enormous total of $146,815,100. For 1893 there was a further increase of nearly eleven millions to $157,287,600, while the amount for 1894 is twenty-three millions more—to the vast quantity of $180,626,100. The estimated output for 1895 is over $203,000,000; that of 1896 nearly if not quite $250,000,000, while conservative estimates put the world's gold product within five years at $300,000,000 per annum.

COUNTRIES OF INCREASE.

It may be well to see whence this great increase has come. It will also enable us to estimate as to the future. The principal gold producing countries for the year 1894 were, in order and amounts, as follows:

Australasia	$41,760,800
Africa	40,271,000
United States	39,500,000
Russia	24,133,400
China	8,556,800
Mexico	4,500,000
Total from six countries	$158,722,000

Of the above China shows no increase; it and all other nations remain about the same, year by year. The recent and future increases are to be found and expected in Africa, Australasia, United States, Russia, and Mexico. These increases have been as follows:

	1893 over 1892.	1894 over 1893.	1895 over 1894*
United States	$2,900,000	$3,545,000	$7,330,200
Australasia	1,529,600	6,072,200	7,000,000
Africa	4,711,500	11,328,500	15,000,000
Mexico	176,100	3,194,700	5,000,000
Russia	....	....	3,000,000
Increase	$9,317,200	$24,140,400	$37,330,200

*Estimated.

The increase for 1896 over 1895 is estimated by experts to be: United States, $10,000,000; Australasia, $10,000,000; Africa, $20,000,000; Mexico, $5,000,000; a total of $45,000,000.

SILVER IN THE UNITED STATES.

From 1792 to 1834 the product of silver was insignificant; from 1834 to 1844 it is estimated at a total of $250,000; from 1845 to 1857, both inclusive, it is given as $50,000 per year. In 1858 it went to $500,000; in 1859, fell to $100,000; 1860, $150,000; in 1861 it rose suddenly to $2,000,000; went to $4,500,000 for 1862; $8,500,000 in 1863; and ranged from eleven millions to sixteen millions up to 1871. In that year it reached twenty-three, and varied from twenty-eight to forty-eight millions up to 1885. The demonetization took place in 1873; resumption and the use of coin money took place in 1876. From 1874 to 1884 there was only a slight increase, the highest figure, in 1884, being $48,800,000. In 1885 it reached $51,600,000; rose to fifty-three in 1887; to fifty-nine in 1888; to sixty-four in 1889, and touched seventy millions in 1890. In 1891 it went to $75,417,000; in 1892 it reached the high-water mark—the highest ever known, and from which it is now steadily receding—$82,101,000, only to fall off in 1893 to $77,576,000, and to $64,000,000 in 1894.

COMPARATIVE INCREASE.

From 1874 to 1894 silver increased $26,700,000; in the same time gold increased a little more than six millions, but there was no appreciable increase in silver until 1885.

SILVER IN THE WORLD.

The annual average coinage value of the silver produced in the world has been, from 1545 to 1761, $12,450,000 to $22,162,000. From 1761 to 1860 it ranged from $19,144,000 to $37,618,000; 1861 to 1865, it was $45,772,000; 1866 to 1870, $55,663,000; 1871 to 1875, $81,864,000; while from 1876 to 1880 it rose to an annual average of $101,851,000, and 1881 to 1885 to $118,955,000.

The values for 1886 and 1887 were, respectively, $120,213,611 and $126,095,062. It continued to rise steadily some twelve millions per year to 1893, when it was $214,745,300. The year 1894 only showed a slight advance—a trifle over two millions for that period. As the output in the United States has fallen off thirteen and a half millions from 1893 to 1894, and as the same conditions prevail throughout all the precious metal producing countries, it is certain that the returns for 1895 will show a falling off of some $15,000,000, and that of 1896 of some $25,000,000.

COINAGE VS. COMMERCIAL VALUE.

The foregoing figures as to silver, being based on the United States coinage value, are not a true guide as to the actual market value. From 1833 to 1850 the average price of a fine ounce of silver was about $1.31, or 65 pence. In 1850 and up to 1872 it ranged at about $1.33, or 66 pence, only touching $1.36, or 68 pence, in 1859.

AVERAGE BULLION VALUE.

In 1873 the average bullion value of the silver dollar was $1.004, making it more valuable than a gold dollar. For 1874 it was $0.988; in 1875, it was $0.964; 1876, $0.894; 1877, $0.929, and has not reached the $0.90 mark since. In 1886 it got into the seventies, rose to $0.81 in 1890, to fall to $0.764 in 1891, to $0.674 in 1892, to $0.603 in 1893, and to $0.491 in 1894.

1873 AND 1894.

In 1873 a silver dollar containing 371.25 grains of pure silver would purchase only 369.77 grains of the same silver. The coined value was 1½ grains less than its commercial value.

In 1894 this same dollar would purchase 756.04 grains, or twice itself and 5½ grains over.

THE TURN IN THE TIDE.

For the ten months (to October 30) of 1895 this average bullion value had risen from $0.491 to $0.505. THIS CONSIDERABLE RISE is due to the decrease in the output of white and the increase in that of yellow metal during the last two years, an increase that is sure to be continued for the next year and to assist in absorbing the surplus of white metal in the world.

WHY WHITE METAL FELL IN VALUE.

Did silver fall, or did gold get scarcer and grow dearer? We have shown that in the United States the gold product held steadily at over thirty and (except in 1877-78) under forty millions from 1874 to 1894; that in the world for this same period it had steadily increased from $115,577,000 to $180,626,100. Evidently during this period gold did its full duty and earned the repute of a metal of stable and sufficient increase in output.

Silver first came to be a factor in the United States in 1861, when $2,000,000 were produced; in 1864 it was $11,000,000; in 1874, $37,300,000; in 1884, $48,800,000, with from fifty-one to eighty-one millions per year thereafter.

The world product had gone from an annual average coinage value of $81,864,000 in 1874 to $118,955,000 in 1884 and $216,892,000 in 1894.

From 1874 to 1894 silver did not make nearly so great a proprtional gain as did gold from 1841-1850 to 1851-1855.

THE PROPORTION OF METALS.

For 300 years, 1545-1840, during which time Spain had poured the wealth of her American silver mines into the markets of the world, the general average proportion of the values of the two metals produced had been about 33 per cent. for gold and 67 per cent. for silver. From the period 1841-1850, up to that of 1876-1880, this proportion was about 66 per cent. for gold and 34 per cent. for silver—much greater than the three-century average; from 1881 to 1894 gold was still 44 per cent., while for 1894 it was 45.6 per cent. It is well to note this average carefully, for, by a strange coincidence, this per cent. is exactly the relative proportion of the metallic money of the world which gold has furnished in the 400 years since 1493. This gold per cent. will be even higher than this average for 1895 and 1896.

SILVER COINAGE.

KELLEY-BLAND BILLS.

In 1876 Mr. Kelley (Pennsylvania) introduced a bill for the coinage of standard (412½ grains) dollars, and to make them an unlimited legal tender. The same year Mr. Bland (Missouri) introduced a bill for the unlimited issue of Treasury notes in exchange for gold and silver bullion.

Both these measures were considered, and in March, 1877, a commission of Senators and Representatives made a report on the relations of gold and silver.

The Kelley bill, as modified and championed by Mr. Bland, passed the House November 5, 1877. It provided with the Bland amendment, for the free and unlimited coinage of 412½-grain dollars, and made these an unlimited legal tender except where otherwise specified by contract.

BLAND-ALLISON ACT.

The Kelley-Bland bill was modified in the Senate and became known as the Bland-Allison bill. As modified in the Senate and as finally passed it restricted the coinage to the 4,000,000 per month which the Secretary of the Treasury was to purchase, and it gave to the public Treasury the seigniorage or profit on these purchases and coinages. The silver thus to be coined was made an unlimited legal tender except for certificates of deposit of gold and silver bullion under the act of 1863 and in cases where other money had been stipulated by contract. Section 3 authorized the deposit of these dollars and the issuance of (silver) certificates therefor. It became a law over the President's veto February 28, 1878.

BLAND AND CONGER BILLS.

In 1886 Mr. Bland again introduced a bill for the free and unlimited coinage of silver—that is, giving to the mine owner and bullion producer the whole profit of the seigniorage or difference between the actual cost and the legal tender value of the dollar when coined.

Mr. Conger introduced another bill, embodying the views of Secretary Windom, allowing owners of silver to deposit it and receive Treasury notes to the amount of its then market value, these to be redeemed when presented at its then value.

THE SHERMAN LAW OF 1890.

The Conger bill, as modified, was finally passed and became a law July 14, 1890, and is known as the Sherman law.

It directed the purchase of $4,500,000 fine ounces of silver each month at not to exceed $1 for 371.25 grains of pure silver, and the issue of Treasury notes therefor. These notes were to be redeemable on demand, in coin, and could be reissued. They were made legal tender for all debts, public or private, except where otherwise expressly stipulated, and for customs, taxes, etc., and when so received could be reissued. They could also be counted as part of the lawful money reserve of national banks. The act further provided that upon demand of holder the Secretary of the Treasury should redeem such notes in gold or silver, at his discretion, it being (says the act) the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio or such ratio as may be provided by law.

Section 3 provided for the coinage until July 1, 1891, of $2,000,000 per month; after that date as much as needed to redeem Treasury notes issued under this act.

Any gain or seigniorage arising from such coinage was to be accounted for and paid into the Treasury.

WHAT IS GAIN OR SEIGNIORAGE?

The Bland bill as it passed the House November 5, 1877 (it did not become a law). ALLOWED ANY OWNER OF SILVER BULLION TO DEPOSIT IT AND RECEIVE FOR EVERY 371.25 GRAINS OF PURE SILVER (412½ GRAINS OF STANDARD SILVER) A COINED DOLLAR which should be an unlimited legal tender. He was only to pay the half per cent. mint charge for this great privilege. ALL THE PROFIT in this transaction WAS TO GO NOT TO THE GOVERNMENT, NOT TO THE PEOPLE THROUGH THE GOVERNMENT, BUT TO THE MINE OWNER, THE

BULLION PRODUCER. In 1886 Mr. Bland introduced another bill with the same provisions. Mr. Plumb's amendment to the Conger bill, adopted by the Senate June 10, but which also failed to become a law, had the same provisions.

All three of these were in the direct interest and to the sole advantage of the mine owners. All profits or gains in the business went not to the Government to help to lighten the burden of the people, but for the profit and gain of a particular class.

PROFITS OF SEIGNIORAGE.

Let us see what these profits were. Under free coinage, on an average in 1878 bullion worth 89.1 cents when deposited by the mine owner would have entitled him to have received from the mint a legal-tender dollar worth 100 cents in silver or in gold. HE WOULD HAVE MADE A NET PROFIT, not counting the small charge for coinage, of 10 CENTS, A PROFIT GAINED AT THE EXPENSE OF THE WHOLE PEOPLE.

In 1886 the same bullion was worth only 76.9 cents, giving to this same class a NET PROFIT OF 23 CENTS and making a net cost to all the people of 23 cents for the INESTIMABLE PRIVILEGE OF ALLOWING THE MINE OWNERS THE CHANCE OF USING THE GOVERNMENT AND PEOPLE OF THESE UNITED STATES AS A STALKING HORSE. IT WOULD MAKE THEIR DOLLARS CHEAPER TO THE MINE OWNERS, OF COURSE. HOW WOULD IT HELP THOSE WHO HAD TO BUY THESE SAME SILVER DOLLARS BY THE SWEAT OF THEIR BROWS AND AT THE FULL PRICE OF 100 CENTS ON THE DOLLAR?

Had these provisions, so beneficent to the mine owner, been in operation in 1894, the dear people would have been giving the mining men a 100-cent dollar coined from silver bullion which had cost the same mining people just 49.1 cents. The people of these United States may be lying awake of nights sighing for more silver, which, by the way, they will not accept when given them if they can help it, preferring the paper equivalent, but they should not be compelled to subsidize any class of our citizens, however meritorious they may be, to the extent of taking 49 cents worth of silver and stamping it a dollar and handing it back to them. This may, indeed, make more money, but it makes it into the wrong pockets, into the pockets of the mine owners, from which the people will have to get them out by a well-known system of purchase at full price.

WHAT FREE COINAGE WOULD HAVE COST.

Let us calculate the result of such financial legislation; let us see what it would have cost the people of these United States to have given the free coinage at the dates stated.

In 1878 the average cost of silver bullion, enough to make a standard silver dollar, was 89 cents. In that year we coined 22,495,550 of these dollars. At 11 cents on the dollar it would have cost the country just $2,474,511.50 to have thus accommodated the silver-mining interests of the country.

In 1886 we coined 31,423,886 of these dollars out of bullion which cost only 77 cents for each coined dollar, and which, had this been done under the free coinage provisions, would have cost the people the considerable sum of $7,227,493.78, and which would have been a direct contribution on the part of Congress of the public funds to the profits of the silver-producing interests of the country. A more monstrous instance of attempted diversion of public money was never attempted.

THE SHERMAN LAW.

Under the operation of the Sherman law of 1890 it was found that the Government was purchasing 54,000,000 ounces of silver per year, or nearly all that was produced in the United States. This silver was stored in the Treasury vaults, and Treasury notes issued for the same, which were redeemable in gold on demand. It can be readily seen that it would be only a question of time when the Government would be obliged to suspend gold payments and reach a silver basis if this was continued.

REPEAL OF THE SHERMAN LAW.

At a special session of the Fifty-third Congress, called in August, 1893, after a long and spirited debate, the so-called Sherman law, on November 1, was repealed.

AMOUNT OF SILVER IN USE AS MONEY.

There is a widespread misunderstanding as to the actual amount of silver in use as money by the Government. At the present time there is coined in the shape of silver dollars, either in the vaults or in circulation, silver bullion deposited to secure Treasury notes, and subsidiary silver, the enormous amount of $627,925,632, all of which is in actual use as money. The total amount of gold in use in the United States is $618,875,157; of greenbacks, $346,681,016. So it will be seen that there is more silver in use than any other kind of money, and I believe it would be greatly to the interest of the Government and of the people if all paper money under $5 could be retired and the silver dollar put in its place to do its work instead of being stored in the Government vaults. This is the case in France, Germany and England, where but very little, if any, paper or gold can be found of a less denomination than £1 in England, 20 marks in Germany and 20 francs in France, practically approximating $5 of American money.

THE GOVERNMENT DEBT.

Now, Mr. Speaker, before closing, I wish to call the attention of the House to a few hard facts. Under Republican tariff laws, during the period from the 1st of September, 1865, up to the time President Cleveland was inaugurated in 1893—twenty-seven and one-half years—the Government debt and obligations were reduced $1,881,367,873, or an average of $68,632,000 per year. The per capita debt in 1865 was $78; in 1893 it had been reduced to $12.55. This is certainly a fair showing, for it covers the whole peroid from the close of the war until the Democrats secured full control of all branches of the Government. Notice the great difference between the financial policies of the two parties. Since the 1st of March, 1893, until the 1st of March, 1896—a period of three years—the interest-bearing debt has increased $262,000,000, or an average of over $87,000,000 per year, against a decrease of nearly $69,000,000 per year under a Republican Administration for the previous twenty-seven years.

DEMOCRATIC ADMISSION OF DEFICIENCY.

Mr. Dockery, an eminent light of Democracy, member of the Committee on Appropriations, in the House, April 29, 1896 (Record, page 4971), makes the following statement:

"Mr. Speaker, I desire to make a simple statement to the House. For the fiscal year ended June 30, 1894, the revenues of the Government failed to meet current expenses by $69,803,260.58. During the last fiscal year the current income was inadequate to meet current liabilities by $42,805,223.18, and it is now estimated that the deficiency in current revenues for the present fiscal year will be not less than $25,000,000."

These are facts and official figures, and it would seem to me that comment is unnecessary.

FREE COINAGE OF SILVER.

The time has come. I think, Mr. Speaker, when the Republican party should set its face firmly against the free coinage of silver, EXCEPT BY INTERNATIONAL AGREEMENT. I have been willing to do all in my power TO MAINTAIN AS LARGE AN AMOUNT OF SILVER AS POSSIBLE IN CIRCULATION, and the figures I have given are proof conclusive that THE REPUBLICAN PARTY HAS DONE ITS FULL DUTY, and reached the limit so far as the free coinage of silver is concerned, and in the coming campaign it should be TRUE TO ITS PAST RECORD FOR HONEST MONEY, and give the great financial enterprises and financial institutions the stability that can only be reached by a firm declaration against a debased currency. UNDER PRESENT CONDITIONS THE OPENING OF OUR MINTS TO FREE COINAGE IS AN IMPOSSIBILITY. IT MEANS RUIN AND BANKRUPTCY TO MANY MILLIONS OF PEOPLE.

LET THE WHEELS OF PROGRESS MOVE.

Now, Mr. Speaker, we have but lately witnessed the spectacle of certain advocates of free silver in the upper House of this Congress allying with Democrats and Populists, and TAKING THE GREAT INDUSTRIAL INTERESTS OF THIS GREAT COUNTRY BY THE THROAT, and saying to 70,000,000 people that there shall be no financial legislation, no tariff legislation, until silver is recognized, or, in other words, UNTIL THE MINTS ARE OPENED TO THE FREE COINAGE OF SILVER. There can be but one answer, Mr. Speaker, to such a proposition as this, and I believe at the polls in the coming election the people will rise in their might and demand that the advocates of this interest shall no longer bar the wheels of progress or prevent the Fifty-fifth Congress from enacting such wise protective tariff laws as will not only furnish ample revenue for the needs of the Government, but protection to all the great agricultural, laboring and industrial interests.

SUMMARY.

I have endeavored, Mr. Speaker, in these few remarks to give a history of the finances of this Government since the war, also showing the production of silver and gold for the past three hundred and fifty years, believing that the enormous production of silver during the past ten years has had much to do with its present bullion value, and also believing, Mr. Speaker, that the great increase in the production of gold and decrease in the production of silver since 1892, if continued for a few years, will do much to bring these metals more nearly together in bullion value.

Babcock über Geld.

Geschichte des Geldes

und

der finanziellen Geſetzgebung in den Vereinigten Staaten.

Rede des Achtb. J. W. Babcock von Wisconſin,

im Repräſentantenhauſe, Waſhington, D. C.

Babcock über Geld.

Geſchichte des Geldes und der financiellen Geſetzgebung in den Ver. Staaten.

Rede des Achtb. J. W. Babcock von Wisconſin

im Repräſentantenhauſe zu Waſhington, D. C., am 22. Mai 1896.

Herr Sprecher!

Als vor fünfunddreißig Jahren der republikaniſchen Partei die bedeutungsvollſte Kriſe unſerer nationalen Exiſtenz gegenüber ſtand, entwickelte und adoptirte ſie ein Syſtem der Zahlungsmittel und des öffentlichen Kredits.

Dieſes Syſtem wurde der ſchwerſten Probe — der eines Bürgerkrieges in fürchterlichſter Geſtalt — unterworfen, aber es erzielte Erfolg und verdiente einen Platz unter den Finanz-Syſtemen der Welt, weit großartiger als irgend ein anderes, welches jemals von irgend einer anderen Regierung in der Welt eingeführt wurde.

In all den Jahren ihres Emporſchwunges hat die republikaniſche Partei ſtetig zu der Standarte dieſes Syſtems gehalten; ſie hat an einem austauſchbaren Courrant, auf gemünztes Geld baſirt, feſt gehalten und iſt jeder Dollar dieſes Courrantes aufrecht erhalten und eingelöſt worden nach dem urſprünglichen Verſprechen.

Dieſelbe Partei iſt heute, wie immer, zu Gunſten deſſelben guten Geldes und wird fortfahren, durch weiſe Geſetzgebung, den ausgedehnteſten Gebrauch von Gold, Silber und Papiergeld zum Vortheil und zur Sicherheit des Volkes, aufrecht zu erhalten.

Unſer gemünztes Geld.

Unter der Conföderation von 1778 erhielt der Congreß das alleinige Recht und die excluſive Gewalt den Werth der, Kraft ſeiner Autorität, oder durch die der reſpektiven Staaten, geprägten Münzen, zu beſtimmen.

Da der Congreß aber nicht die Macht beſaß die Ausführung ſeiner Geſetze in den einzelnen Staaten zu erzwingen, ſo geſchah nichts.

Unter der Conſtitution wurde dem Congreſſe das ausſchließliche Recht gegeben Münzen zu prägen und den Werth derſelben ſowie den Werth von ausländiſchen Münzen in dieſem Lande zu reguliren. Es wurde poſitiv beſtimmt, daß kein Einzelſtaat das Recht haben ſolle Geld zu prägen und der Congreß gebrauchte ſein ausſchließliches Recht durch Annahme des Geſetzes vom 2. April 1792 zur Gründung einer Münze und zur Feſtſtellung der Münzen der Ver. Staaten.

In dieſem Geſetze wurde der „Dollar“ aus Gold oder Silber als die Geldeinheit der Rechnung, mit der Dollar-Münze von 371.25 Gran feines Silber als Baſis angenommen.

Von der Silber-Baſis auf die Gold-Baſis.

In den Jahren von 1792 bis 1834 waren wir unter einem bimetalliſchem Syſtem mit dem Silber-Dollar als die wirkliche Einheit auf einer Baſis von 15 zu 1. Spaniſche Dollars bis 1816 und andere fremde Münzen von beiden Metallen bis zu einem ſpäterem Datum, waren ebenfalls ein geſetzliches Zahlmittel, da aber unſere leichteren Silber-Dollars nach Weſt-Indien ausgeführt und dort zu Pari angenommen wurden, waren wir bald ohne einen genügenden nationalen Courrant weder des einen noch des anderen oder beider Metalle.

So war neue Geſetzgebung nothwendig und durch die Geſetze von 1834 u. 1837 wurden das Gewicht und die Feinheit der Goldmünze — und durch das letztere Geſetz das Gewicht und die Feinheit beider Münzen dahin verändert, daß das Ratio 16 (15.98) zu 1 wurde und etablirten wir die doppelte Einheit, nämlich den Eagle (Adler) aus Gold und den Dollar aus Silber.

Prägung und Ausfuhr von Silber bis 1853.

Dieſe Veränderung erniedrigte den Werth des Silbers genau ſo wie das Geſetz von 1792 den Werth des Goldes erniedrigt hatte und die Folge davon war, daß das Silber aus den Ver. Staaten nach anderen Ländern ging, wo es mehr werth war als bei uns.

In 1847 hatte unſere Goldprägung den Werth von $20,202,325, welche in 1848 auf $3,775,513 fiel. Unſere Silberprägung in 1847 betrug $2,374,450 und in 1848 $2,040,050.

Die Folge der Entdeckung von Gold in California machte ſich ſchon in 1850 merkbar durch die erhöhte Goldpräägung und durch die Abnahme der Silberprägung.

In 1850 prägten wir $31,981,739 in Gold, in 1851 Gold im Werthe von $62,614,493 und in 1852 für $56,846,188, dagegen prägten wir in 1850 nur $1,866,100 in Silber, in 1851 nur $774,397 und in 1852 nur $999,410.

Die Zuſtände in 1853.

In 1853 (obgleich wir jährlich über eine Million Dollars in Halb- und Viertel-Dollarſtücken u. ſ. w. prägten) beſaſſen wir nicht genügend Kleingeld um Wechſel zu machen und wir befanden uns praktiſch auf einer Goldbaſis. Durch das in dieſem Jahre angenommene Geſetz wurde der Werth der kleinen Silbermünzen reduzirt, um deren Ausfuhr zu verhindern und was noch viel wichtiger war, ihr Charakter als geſetzliches Zahlungsmittel wurde bis zu dem Betrage von $5 feſtgeſetzt. Es war dies der erſte Schritt zum Schaden der Doppel-Währung, welche durch das Gold-Geſetz von 1834 etablirt worden war.

Die Gründe dafür.

Es waren gute Gründe für dieſe Handlung vorhanden. Silber war knapp, Gold gab es im Ueberfluß, und fand man es nothwendig Silber in kleinen Beträgen und verhältnißmäßigen niedrigen Werthe als die Standard-Dollars zu prägen, um die Scheidemünze für den eigenen Bedarf im Lande zu behalten.

Die erhöhte Goldproduktion.

Der Goldvorrath der Welt war plötzlich durch die Produktion von Californien und Auſtralien geſtiegen. Von einer durchſchnittlich jährlichen Produktion in der Zeitperiode 1831 bis 1840 von $13,482,00, ſtieg ſie nach 1850 auf $132,500,000. Die natürliche Folge war, daß der Werth des Silbers ſtieg und der des Goldes fiel.

Kein Silber im Umlauf.

Dazu kam noch, daß wir keine Silber-Dollars im Lande hatten, oder wenigſtens nicht in genügenden Quantitäten, um als Umlaufsmittel in Betracht gezogen werden zu können. Wir hatten zwiſchen 1806 und 1836 keine geprägt und von 1836 bis 1853 nur 1,067,373 Stück, die ganze andere Silberprägung beſtand in Scheidemünzen.

Gold und die wirkliche Währung.

Während alſo nach 1853, mit der Ausnahme der Scheidemünzen, die doppelte Währung die geſetzliche war, war die Goldwährung der wirkliche Zuſtand.

Reſume.

Laßt uns die Lage der Dinge kurz wiederholen. Das Geſetz von 1792 machte den Silber-Dollar die Geldeinheit in Ratio von 15 zu 1; die Geſetze von 1834 uud 1837 veränderte das Ratio auf 16 zu 1; das Geſetz von 1853 verringerte den Werth des Silber-Kleingeldes und begrenzte deſſen Kraft als geſetzliches Zahlungsmittel bis zur Höhe von $5.

Während nun die Geſetze von 1834 und 1837 den Gold-Eagle dem Silber-Dollar als Einheit zur Seite ſtellten, wurde dadurch das Geſetz von 1792, welches den Silber-Dollar als Einheit der Doppelwährung erſchuf, nicht widerrufen.

Aber aus ſchon angeführten Gründen fand uns das Jahr 1853 thatſächlich mit einer Goldwährung, mit Gold als das billigſte und meiſte Metall. Obgleich Silber-Dollars ein vollgültiges geſetzliches Zahlungmittel waren, wurden ſie nur wenig gebraucht, da ſie im Auslande gewöhnlich mehr werth waren als daheim und exportirt wurden. Gold war die einzige und hauptſächtichſte Baſis unſeres gemünzten Courrantes.

Silber-Dollars geprägt bis 1853.

Thatſächlich konnten wir zu der Zeit nicht im Beſitz von vielen Silber-Dollars ſein, denn die Geſammtprägung derſelben bis 1853 belief ſich nur auf 2,506,890 Stück. Dieſer Zuſtand obwaltete bis die Umſtände des Bürgerkrieges unſer ganzes gemünztes Geld vertrieben und an deſſen Stelle Obligationen, Schatzamtsnoten (Greenbacks) und National-Banknoten traten.

Die Goldwährung beabſichtigt.

Ueber die Abſicht der Geſetzmacher der Zeit, dieſen Punkt betreffend, herrſcht kein Zweifel. Sie erließen Geſetze für die einfache Goldwährung, obgleich ſie den Silber-Dollar als Mit-Einheit beibehielten. Daß dies die Abſicht war, wird durch die Bemerkungen des Vorſitzenden des Comites für Mittel und Wege bewieſen. Er ſagte:

> „Wir beabſichtigen Gold die Standard-Münze zu machen und machen dieſe neuen Münzen —
>
> [das Silbergeld von verhältnißmäßig geringem Werthe] —
>
> anwendbar und geeignet, nicht für große ſondern für kleine Geſchäfts-Transaktionen."

Ein anderes Mitglied des Comites ſagte:

> „Wir haben in den letzten drei oder vier Jahren nur eine Währung gehabt, ſie war und iſt Gold. Wir beabſichtigten es ſo zu laſſen, Silber derſelben anzumeſſen und es durch dieſelbe zu reguliren".

In 1861 kam der Bürgerkrieg, die rieſigen Ausgaben der Regierung, das Auslaufen unſeres Courrant-Geldes und ſpäter die Ausgabe von Papiergeld in Schatzamtsnoten, Bundes-Obligationen und National-Banknoten.

Geſchichte des Geſetzes von 1873.

Dieſe Akte, über welche ſo viel geſprochen worden iſt, wurde am 25. April 1870 im Senat eingereicht. Sie wurde während fünf Sitzungsperioden des Congreſſes beſprochen und wurde am 12. Februar 1873 Geſetz.

Es iſt behauptet worden, daß durch dieſes Geſetz Silber entwerthet wurde, zwar nicht direkt, ſondern durch ein Amendement, welches nur von wenigen richtig verſtanden wurde. Laßt uns den Lebenslauf dieſer Bill verfolgen.

Die urſpüngliche Vorlage.

Wie am 25. April 1870 urſpünglich eingereicht, machte Sektion 14 der Bill den Gold-Dollar von 25.8 Gran die Werth-Standard, die Einheit der Berechnung.

Die 15. Sektion beſtimmte, daß das Gewicht für die Silbermünzen 192 Gran für halbe Dollars ſein ſollte (der Dollar war gar nicht erwähnt) und verhältnißmäßigen Werth für den

Viertel Dollar, das 25 Centſtück und für den Dime, das 10 Centſtück und daß dieſe Münzen bis zum Betrage von $1 geſetzliche Zahlungsmitteln ſein ſollten.

Die 18. Sektion verfügte, daß fernerhin keine andere als die erwähnten Münzen (d. h Gold- und Silber-Kleingeld) geprägt werden ſollten.

Das Silber-Dollarſtück eingeſtellt.

Auf Seite 11 des Berichtes, welcher dieſe urſprüngliche Vorlage begleitete, leſen wir die folgenden Worte:

„Die Prägung des Silber-Dollarſtückes iſt eingeſtellt“.

An drei anderen Stellen des Berichtes macht das Comite darauf aufmerkſam, daß die Prägung des Silber-Dollars aufhört. In allen folgenden Debatten und in allen Phaſen der Vorlage bleiben dieſe beiden Punkte, 1. der Gold-Dollar wird die Wertheinheit und 2. der Silber-Dollar (von 412½ Gran) wird gar nicht erwähnt. Thatſächlich wurden die Sektionen 14 und 18 nie verändert, ſondern ſie wurden angenommen wie urſprünglich geſchrieben.

Die Silber-Sektion.

Die 15. Sektion wurde ſo vielen Veränderungen unterworfen, um Grund für die Idee zu geben, daß auch jede einzelne Beſtimmung von Jedermann verſtanden ſei. Im Senat paſſirte dieſe Sektion zuerſt und zwar unverändert mit 36 gegen 14 Stimmen (am 10. Januar 1871). Senator Sherman in der Negative und Senator Stewart von Nevada dafür.

Fünf Dollars das geſetzliche Zahlmittel.

Im Comite des Hauſes wurde dieſe Sektion dahin amendirt, daß Silber bis zu $5 im Betrag ein geſetzliches Zahlmittel wurde, da es aber an Zeit mangelte, wurde die Akte bis auf Weiteres verſchoben.

Am 9. März 1871, im Repräſentantenhauſe wurde dieſelbe Akte, wie von dem zuſtändigen Comite des vorigen Congreſſes amendirt, von Herrn Kelley wieder einberichtet, das heißt, die geſetzliche Zahlkraft des Silbers wurde auf $5 erhöht und mit Ausnahme der 5 Cent-Stücke war nun die Akte eine genaue Copie des Geſetzes von 1853. Keine Silber-Dollars ſollten geprägt werden und dieſes ſilberne Kleingeld ſollte nur bis zum Betrage von $5 geſetzliches Zahlmittel ſein.

Ein 384 Gran Dollar.

In der Debatte zeigte es ſich, daß mehrere Herren ebenfalls einen Silber-Dollar wünſchten aber alle waren der Anſicht, daß die geſetzliche Zahlkraft deſſelben begrenzt ſein müſſe und daß deren Inhalt nicht aus 412½ Gran ſondern aus dem doppelten des vorgeſchlagenen halben Dollars oder aus 384 Gran beſtehen ſolle.

Am 13. Februar 1872 wurde die Vorlage als Haus-Bill No. 1427 von Herrn Hooper zurückberichtet mit der folgenden Beſtimmung:—

„Sec. 16. Daß die Silber-Münzen der Vereinigten Staaten beſtehen ſollen aus einem Dollar, einem halben Dollar, einem viertel Dollar und einem 10 Cent-Stücke und daß das Gewicht des Dollars 384 Gran ſein ſoll, der halbe und die anderen Münzen im Verhältniß und ſollen dieſelben geſetzliches Zahlmittel bis zu $5 ſein.“

Dies wurde vom Hauſe am 27. Mai 1872 angenommen. Es iſt hier zu bemerken, daß dies nicht der alte Standard-Dollar von 412½ Gran Gewicht war, ſondern Kleingeld für Wechſel und mit beſchränkter Zahlkraft.

Der Trade (Handels) Dollar.

Es gab auch Männer, welche es wünſchten, in Oſt-Indien mit dem mexikaniſchen Dollar in Competition zu treten und durch den Einfluß dieſer Herren wurde die Vorlage weiterhin amendirt. Wie ſie nun ſchließlich angenommen wurde im Senat am 17. Januar 1873 und im Repräſentantenhauſe am 7. Februar 1873 da lauteten die Silber-Beſtimmungen wie folgt:

„Einen Trade (Handels) Dollar für dieſen Ausfuhr-Handel von 420 Gran und (obgleich dieſer Dollar ein geſetzliches Zahlmittel bis zum 22. Juli 1876 blieb) für $5 daheim; ein halber Dollar mit dem Gewicht von 12½ Gram (auf der Baſis eines Silber-Dollars von 386 Gran) und Scheidemünzen in verhältnißmäßigem Werthe."

Alle dieſe wurden nur bis zum Betrage von $5 geſetzliches Zahlmittel und wurde ein 5 Cent-Stück den Nickel- und Kupfer-Münzen beigegeben.

Der 412½ Gran Dollar war nie in der Bill.

Aus dem Vorhergehenden iſt es klar, daß der Silber-Dollar von 412½ Gran Gewicht „der Dollar der Väter" nie geheimnißvoll fallen gelaſſen wurde, aus dem einfachen Grunde, weil er nie in der Vorlage erwähnt wurde, um fallen gelaſſen werden zu können". Niemand wollte ihn in der Bill haben. Zuerſt hatten ſie einen halben Dollar (keinen Dollar); dann einen Dollar von 384 Gran, nachher einen Trade Dollar für den aſiatiſchen Handel mit unſerer Pacific-Küſte und einem halben Dollar im Gewicht von 12½ Gram oder 193 Gran (auf der Baſis von 386 Gran auf den Dollar und alles dies Silber von Anfang bis zu Ende war nur geſetzliches Zahlmittel von einem Dollar hinauf bis zu fünf Dollars.

Warum wurde Silber fallen gelaſſen?

In ſeiner Rede (im Repräſentantenhauſe am 9. April 1872, berichtet im Congreſſional Globe, Band 102, Seiten 2306—2308) nebenbei eine Rede, welche zehn Spalten füllte, ſagte Herr Hooper im Auftrage des zuſtändigen Comites:

Silber-Dollars keine circulirende Münze.

„Die 16. Sektion macht nur die Beſtimmungen der exiſtirenden Geſetze, betreffs der Silber-Münzen und deren Gewicht wieder rechtskräftig mit Ausnahme des Silber-Dollars, welcher im Gewicht von 412½ auf 384 Gran reducirt wird und ihn zum Kleingeld macht, harmoniſch mit den Silber-Münzen kleinerer Werthe und um ihm deren gleichen Umlauf zu ſichern. Der Silber-Dollar von 412½ Gran, auf Grund ſeines wirklichen (intrinſiſchen) Metall-Werthes, welcher höher als ſein nomineller iſt, hat längſt aufgehört eine Münze des Umlaufs zu ſein und wird er von den Silberſchmieden geſchmolzen. Er circulirt jetzt nicht im Handel mit irgend einem Lande und wir können den Silberſchmieden und den Fabrikanten in dieſer Hinſicht mehr helfen, wenn wir ihnen geſtempelte Metall-Barren derſelben Standard liefern und uns dadurch die Unkoſten der Prägung erſparen."

Herr Stoughton ſagt, der Silber-Dollar iſt zu werthvoll.

An demſelben Tage ſagte Herr Stoughton in einer ſieben Spalten füllenden Rede (derſelbe Band Seite 2308):

„Die erſchaffenen Silbermünzen ſind der Dollar (384 Gran Troy) der halbe Dollar, viertel Dollar und Dime, im Werthe und Gewichte eines halben, viertel und eines zehntel Dollars und werden ſie zum geſetzlichen Zahlmittel gemacht in Beträgen nicht über fünf Dollars in einer Zahlung. Der Silber-Dollar, wie er jetzt geprägt wird, iſt im Barren 3¼ Cents mehr werth als der Gold-Dollar und 7¼ Cents mehr als zwei halbe Dollars. Da er einen größeren wirklichen (intrinſiſchen) und nominellen Werth beſitzt, iſt es ſicher, daß, ſobald wir die Baarzahlung wieder aufnehmen, er dem Umlauf entzogen und nur von Fabrikanten und Exporteuren als Barren-Metall gebraucht werden wird."

Herr Potter ſagt, daß das geſetzliche Zahlmittel Gold ſein ſoll.

Herr Potter, dieſen Theil der Vorlage beſprechend, ſagte:

„Herr Sprecher, dies iſt eine Bill von Wichtigkeit. Als ſie am Anfang der Sitzung dem Hauſe vorlag hatte ich gewiſſe Einwände dagegen. Jetzt aber, in Anbetracht aller Umſtände, neige ich mich dem Glauben zu, daß dieſe Einwände nicht vollſtändig berechtigt waren. Jedoch nach weiterem Nachdenken bin ich überzeugt, daß dieſe Bill eine Vorlage iſt, welche wir nicht annehmen ſollten. * * * * * * *

Dieſe Bill macht Veränderungen in dem geſetzlichen gemünzten Gelde des Landes und ſubſtituirt als geſetzliches Zahlmittel nur ein Metall anſtatt zwei wie es früher war. Ich glaube ſelbſt, daß dies eine weiſe Beſtimmung iſt und daß daß die gangbare (geſetzliche) Münze, mit der Ausnahme des Kleingeldes, nur aus Gold beſtehen ſoll. Aber warum ſollen wir denn jetzt über dieſe Frage Geſetze erlaſſen, da wir weder das eine noch das andere Metall als Umlaufsmittel gebrauchen?

Die Bill macht ebenfalls Veränderungen im Gewicht und Werth des Dollars und glaube ich, daß dies eine Frage iſt, welche unſererſeits ſehr ernſte Berückſichtigung finden ſollte und welche, da wir ja doch gegenwärtig kein gemünztes Geld benützen, ein ganz unnöthiges Thema für Geſetz-Erlaß iſt." (Band 102, Seite 2310.)

Herr Kelley begünſtigt Gold als Normal- und Silber als Hülfsgeld.

Und Herr Kelley (von welchem berichtet wird, daß er ſpäter geäußert habe, daß er nicht weiß, ob die Bill den Normal-Silberdollar aufgiebt) ſagt an demſelben Tage (Globe, Band 102, Seite 2316):

„Ich möchte den Herrn, der eben geſprochen hat (Herrn Potter) bitten, ob er irgend eine Regierung in der Welt kennt, welche ihre Hülfsmünze zu vollem Werthe herſtellt? Die Silbermünze Englands iſt zehn Prozent unter dem Werthe der Goldmünze, und, nach dem Rathe Sachverſtändiger dieſes Landes, ſowohl wie der Englands und Frankreichs, haben die Japaneſen innerhalb des letzten Jahres ihre Silbermünzen zwölf Prozent unter dem Münzwerth des Goldes hergeſtellt und aus dieſem Grunde iſt es unmöglich, die Doppelwährung beizubehalten. Die Werthe von Gold und Silber ſind beſtändig ſchwankend. Sie können in dieſem Jahre nicht beſtimmen, welches die relativen Werthe des Goldes und des Silbers im nächſten Jahre ſein werden. Vor Kurzem ſtanden ſie 15 zu 1, jetzt 16 zu 1.

Alle Erfahrungen haben folglich gezeigt, daß Sie eine Normal Silbermünze haben müſſen, welche vor allen andern ein geſetzliches Zahlungsmittel (legal tender) bildet, und dann mögen Sie Ihre häusliche Bequemlichkeit darauf richten, daß Sie als Hülfsmittel die Silberprägung beſitzen, welche in allen Theilen Ihres Landes als geſetzliches Zahlungsmittel für einen begrenzten Betrag circulirt und nach ſeinem Nennwerthe von Ihrer Regierung einlösbar iſt. Aber, mein Herr, ich lenke die Aufmerkſamkeit des Hauſes wieder auf die Thatſache, daß die Herren, welche dieſe Bill bekämpfen, bei der Behauptung verharren, ein Silber-Dollar habe 3½ Cents mehr werth als ein Gold-Dollar und ſieben Cents mehr Werth als zwei halbe Dollars und daß, ſolange dieſe Proviſionen verbleiben, Sie in dem Lande keine Silbermünze halten könnten."

An einer anderen Stelle in derſelben Rede ſagt Herr Kelley: „Jede Münze, die nicht Gold iſt, bleibt Hülfsmittel. Ich wiederhole es, mein Herr, jede Münze die nicht Gold iſt, bleibt Hülfsmittel."

Senator Stewart erklärt ſich für Gold.

Herr Stewart, damals wie jetzt Senator von Nevada, ſprach bei einer anderen Gelegenheit, einige Monate ſpäter, (Seite 1392, Band 2, Theil 2 des Congreſſional Record):

„Ich verlange Gold als Norm und kein Papiergeld, welches nicht einlösbar in Gold iſt." Und ungefähr zwei Wochen ſpäter, am 20. Februar 1874, ſagt derſelbe Herr (in demſelben Bande, Seite 1677):

„Durch dieſen Vorgang werden wir zu einer ſpeziellen Baſis gelangen, und wenn der arbeitende Mann einen Dollar erhält, wird derſelbe die kaufende Kraft eines Dollars beſitzen und er wird nicht in die Lage verſetzt werden zu thun, was für ihn oder die hervorbringenden Klaſſen unmöglich iſt, nämlich auf Cours, Schwankungen oder das Börſenſpiel in New York Acht zu haben; aber er wird wiſſen, was ſein Geld werth iſt. Gold iſt die allgemeine Norm der Welt. Jedermann weiß, was ein Gold-Dollar werth iſt.“

Das ſind die Worte des Senators Stewart, ehe er der Repräſentant eines ſpeziellen Intereſſes wurde.

Oeffentliche Diskuſſion des Aktes von 1873.

Es iſt gerügt worden, daß nur wenig in der öffentlichen Preſſe über dieſe Geſetzgebung geſagt wurde. Für dieſe gilt die Antwort, daß im Jahre 1873 kein Metall im Umlauf war, und es war nur eine Wiederholung deſſen, was vor mehr als 20 Jahren eine Handelskriſis hervorgebracht hat.

Die Bill ſelbſt iſt während drei Jahre vor dem Congreß geweſen, jede ihrer Einzelheiten iſt genau erörtert worden; ſie paſſirte endlich mit der einzigen Hinzufügung des Handelsdollars und das war nicht der ausgedehnten Erörterungen werth.

Die Produktion von Gold und Silber.

Die Geſetzgebung 1853 und die von 1873 war baſirt auf die kommerziellen Zuſtände, welche hauptſächlich durch die Verſchiedenheit der Ausfuhr dieſer beiden Metalle in den Ver. Staaten und in der übrigen Welt verurſacht wurden. Laſſen Sie uns dieſe kurz betrachten, und ſehen, warum von 1853 bis 1873 und noch für einige Jahre ſpäter Gold in Fülle vorhanden und billiger war; warum ſpäter der Preis des Silbers fiel; ſo, daß die beiden auf gleichem Fuße ſtanden, warum es im Fallen blieb bis zu dieſer niedrigen Stufe und endlich, warum in den letzten Jahren der Wechſel im Verhältniß zur Produktion ſich gehalten hat und noch immer ſtark zu dem Glauben leitet, daß in einigen Jahren die frühere Gleichheit wiederhergeſtellt ſein wird.

Gold in den Vereinigten Staaten.

Bis zum Jahre 1848 hat unſere jährliche Goldausbeute niemals eine Million überſchritten, ausgenommen eine Kleinigkeit in zwei Jahren. In jenem Jahre ſtieg ſie plötzlich zu zehn Millionen (ein Betrag gleich der geſammten Weltproduktion bis zum Jahre 1840); in 1849 zu 40 Millionen, in 1850 zu 50 Millionen und rangirte von dieſer Figur zu 65 Millionen bis zu 1860. Für die folgenden fünf Jahre wechſelte ſie von 40 bis 46 Millionen und von 1865 bis 1870 betrug der jährliche Durchſchnitt über 50 Millionen. Für die nächſten fünf Jahre waren es durchſchnittlich 40 und ging 1878 bis auf 51 Millionen aufwärts und wechſelte dann von 30 in 1883 bis zu 39½ Millionen in 1894 ab. Die letzte Zunahme datirt von 1892, als ſie den niedrigſten Stand von 33 Millionen bezeichnete. 1893 wuchs die Goldausbeute auf $35,900,000, 1894 erreichte ſie $39,500,000. Das Produkt von 1895 iſt bis jetzt von dem Direktor der Münze, von dem vorgenannte Zahlen mitgetheilt wurden, noch nicht feſtgeſtellt; aber die Mineral-Induſtrie, eine Autorität in dieſer Beziehung, giebt unter dem 10. April 1896 das Goldprodukt der Ver. Staaten mit $46,830,000 an, das heißt eine Zunahme von über ſieben Millionen. Der Direktor der Münze ſchätzt in ſeinem am 14. April 1895 gegebenen Bericht die 1895er Goldproduktion auf ungefähr $47,000,000, eine ſich deckende Uebereinſtimmung mit den Angaben der Mineral-Induſtrie.

Gold in der Welt.

Die Goldproduktion der Welt hat ſeit manchen Jahren vor 1840 etwas mehr als 10 Millionen jährlich im Durchſchnitt erreicht. In den zehn Jahren von 1841 bis 1850 wuchs ſie plötzlich zu der damals beiſpielloſen Höhe von $36,393,000. Nicht zufrieden mit dieſem enormen Gewinn zeigten die nächſten fünf Jahre, 1851 bis 1855, ein Produkt von mehr als 3½mal größer, nämlich $132,513,000 oder die unermeßliche Summe von $662,566,000 für dieſe fünf Jahre. Von 1856 bis 1860 betrug der Jahresdurchſchnitt $134,083,000, verminderte ſich dann um 11 Millionen in den nächſten fünf Jahren, ſtieg auf $129.614,000 von 1866 bis 1870, fiel dann wieder auf $115.577,000 in 1871 bis 1875, auf $114,585,000 in 1876 bis 1880 und auf $99,116,000 in 1881 bis 1885. Dies war der niedrigſte Goldvermerk der Welt ſeit den letzten vierzig Jahren. Seit der Zeit iſt die Goldproduktion wieder beſtändig geſtiegen bis zum Jahre 1892, in welchem die noch nie dageweſene Höhe von $146,815,100 erreicht wurde. 1893 war eine fernere Zunahme von annähernd 11 Millionen zu $157,287,600 zu vermerken, während der Betrag in 1894 23 Millionen mehr, alſo $180,626,100 ausmachte. Die abgeſchätzte Goldausbeute für 1895 beträgt über 203 Millionen, die von 1896 wird annähernd $250 Millionen betragen, wenngleich konſervative Abſchätzungen das Goldprodukt der Welt innerhalb der fünf Jahre auf $300 Millionen das Jahr bezeichnet.

Länder der Zunahme.

Es möchte intereſſant ſein zu erfahren, woher dieſe große Zunahme gekommen iſt. Es wird uns wie jetzt auch für die Zukunft in den Stand ſetzen, die Berechnung aufzuſtellen. Die hauptſächlichſten goldproduzirenden Länder für das Jahr 1894 ſind der Reihe ihrer Beträge folgende:

Auſtralien	$41,760,800
Afrika	40,271,000
Ver. Staaten	39,500,000
Rußland	24,133,400
China	8,556,800
Mexiko	4,500,000
Insgeſammt von ſechs Ländern	$158,722,000

Unter den obigen zeigt China keine Zunahme. Dieſes, wie alle andern Nationen bleibt bei demſelben, Jahr für Jahr. Die neuerliche und zukünftige Zunahme hat ſich gezeigt und wird erwartet in Afrika, Auſtralien, Vereinigte Staaten, Rußland und Mexiko. Dieſe Zunahmen ſind folgende geweſen:

	1894 mehr als 1892	1894 mehr als 1893	1895 mehr als 1894*
Ver. Staaten	$2,900,000	$ 3,545,000	$ 7,330,200
Auſtralien	1,529,600	6,072,200	7,000,000
Afrika	4,711,500	11,328,500	15,000.000
Mexiko	176,100	3,194,700	5,000,000
Rußland	——	——	3,000,000
Zunahme	$9,317,200	$24,140,400	$37,330,200

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* Abgeſchätzt.

Die Zunahme für 1896 gegen 1895 iſt durch Sachverſtändige abgeſchätzt auf
Ver. Staaten 10 Millionen, Auſtralien 10 Millionen, Afrika 20 Millionen, Mexiko 5 Millionen; insgeſammt 45 Millionen.

Silber in den Vereinigten Staaten.

Von 1792 bis 1834 war die Silberproduktion belanglos; von 1834 bis 1844 iſt ſie auf zuſammen $250,000, von 1845 bis 1857, beide Jahre eingeſchloſſen, auf $50,000 jährlich abgeſchätzt; 1858 erhöhte ſich die Summe auf $500,000, 1859 fiel ſie auf $100,000, 1860 erhöhte ſie ſich wieder auf $150,000, 1861 trat eine plötzliche Zunahme auf 2 Millionen Dollars ein, welche 1862 auf 4½ Millionen Dollars und 1863 auf 8½ Millionen Dollars ſich vermehrte und rangirte von 11 Millionen bis 16 Millionen bis zum Jahre 1871. In jenem Jahre erreichte ſie 23 Millionen und variirte von 28 bis 48 Millionen bis zum Jahre 1885. Die Silbergeldentwerthung (demonetisation) fand in 1873 ſtatt; die Wiederaufnahme und der Gebrauch der Geldmünzen 1876. Von 1874 bis 1884 war nur eine geringe Zunahme, die höchſte Figur zeigte 1884 $48,000,000, 1885 $51,600,000, ſtieg dann auf 53 Millionen in 1887, auf 59 in 1888, auf 64 in 1889 und erreichte 70 Millionen in 1890. 1891 fiel ſie auf $75,417,000 und erlangte ſchließlich in 1892 den höchſten Betrag von $82,101,000, von welcher Höhe ſie beſtändig in der Abnahme begriffen iſt. 1893 fiel der Betrag auf $77,576,000 und auf $64,000,000 in 1894.

Vergleichende Zunahme.

Von 1874 bis 1894 nahm Silber $26,700,000 zu; in derſelben Zeit vermehrte ſich Gold etwas mehr als 6 Millionen, aber es war keine bemerkenswerthe Zunahme in Silber bis 1885.

Silber in der Welt.

Der jährliche Durchſchnitts-Münzwerth des Silbers, welches in der Welt produzirt wird, betrug vom Jahre 1545 bis 1761 zwiſchen $12,450,000 und $22,162,000. Von 1761 bis 1860 rangirt er von $19,144,000 zu $37,618,000, 1861 bis 1865 war er $45,772,000, 1866 bis 1870 $55,663,000, 1871 bis 1875 $81,864,000, während von 1876 bis 1880 er zu einem Jahresdurchſchnitt von $101,851,000 und 1881 bis 1885 auf $118,955,000 ſtieg. Die Werthe für 1886 und 1887 waren $120,213,611, reſp. $126,095,062. Er fuhr fort beſtändig zu ſteigen, um 12 Millionen jährlich bis 1893, als er $214,745,300 betrug. Das Jahr 1894 zeigte nur eine geringe Zunahme — eine Kleinigkeit von etwas über zwei Millionen für jene Periode. Wie die Ausbeute in den Vereinigten Staaten einen Ausfall von 13½ Millionen von 1893 bis 1894 gehabt hat und wie dieſelben Zuſtände durch alle, das werthvolle Metall produzirenden Länder die Oberhand gewinnen, ſo iſt es ſicher, daß die Rückgänge für 1895 einen Ausfall von ungefähr 15 Millionen zeigen werden und der von 1896 einen ſolchen von ungefähr 25 Millionen.

Münz- gegen Handelswerth.

Die vorſtehenden Zahlen in Bezug auf Silber, welche ſich auf den Ver. Staaten Münzwerth gründen, bilden keinen genauen Wegweiſer für den thatſächlichen Marktwerth. Von 1833 bis 1850 war der Durchſchnittspreis einer Fein-Unze Silber ungefähr $1.31 oder 60 Pence. In 1850 und bis zu 1872 rangirte er um $1.33 oder 61 Pence. Nur 1859 erreichte er $1.36 oder 62 Pence.

Durchſchnittlicher Barrenwerth.

In 1873 betrug der Durchſchnitts-Barrenwerth des Silber-Dollars $1.004, der ihn werthvoller machte als den Gold-Dollar. Für 1874 war er 0.988, 1875 0.964, 1876 0.894, 1877 0.929 und hat ſeit der Zeit 0.90 nicht erreicht. In 1886 ging er in die Siebziger, ſtieg 1890 auf 0.81 und fiel 1891 auf 0.764, in 1892 auf 0.674, in 1893 auf 0.603 und in 1894 auf 0.491.

1873 und 1894.

Im Jahre 1873 enthielt ein Silber-Dollar 371.25 Gran feines Silber, welches nur 369.77 Gran von demſelben Silber kaufen würde. Der Münzwerth war alſo 1½ Gran geringer als der Handelswerth.

In 1894 würde derſelbe Dollar 756.04 Gran gekauft haben, oder doppelt ſoviel und noch 5½ Gran darüber.

Wendepunkt.

Für die erſten zehn Monate (bis 30. Oktober) des Jahres 1895 war der Durchſchnitts-Barrenwerth von 0.491 auf 0.505 geſtiegen. Dieſer bemerkenswerthe Aufgang war der Abnahme der Ausbeute des weißen und der Zunahme des gelben Metalles während der letzten zwei Jahre zuzuſchreiben, eine Zunahme, das iſt ſicher, welche ſich das nächſte Jahr fortſetzen wird und wird den Ueberſchuß des weißen Metalles in der Welt abſorbiren helfen.

Warum weißes Metal im Werthe fiel.

Fiel Silber, oder wurde Gold knapper und deshalb theurer? Wir haben gezeigt, daß in den Vereinigten Staaten die Goldproduktion ſich beſtändig über 30 und (ausgenommen in 1877 bis 1878) unter 40 Millionen von 1874 bis 1894 gehalten hat; daß es in der Welt in derſelben Zeitperiode beſtändig von $115,577,000 bis $180,626,000 angewachſen iſt. Augenſcheinlich that das Gold während dieſer Periode ſeine volle Pflicht und erntete den Ruf eines Metalles von beſtändiger und hinreichender Zunahme in der Ausbeute.

Silber wurde zuerſt ein Faktor in den Vereinigten Staaten im Jahre 1861, als zwei Millionen Dollars produzirt wurden; in 1864 waren es 11 Millionen, in 1874 $37,300,000; in 1884 $48,800,000 und hernach von 51 bis 81 Millionen jährlich.

Die Weltproduktion iſt von einem Jahresdurchſchnitts-Münzwerthe von $81,864,000 in 1874 auf $118,955,000 in 1884 und auf $216,892,000 in 1894 geſtiegen.

Von 1874 bis 1894 brachte Silber auch nicht annähernd einen ſo verhältnißmäßigen Gewinn, als dies mit dem Gold von 1841 bis 1850 und von 1851 bis 1855 der Fall war.

Das Verhältniß der Metalle.

In 300 Jahren, 1545 bis 1840, während welcher Zeit Spanien den Reichthum ſeiner amerikaniſchen Silberminen auf den Weltmarkt eingeführt hat, betrug das allgemeine Durchſchnittsverhältniß der Werthe der beiden Metalle ungefähr 33 Prozent für Gold und 67 Prozent für Silber. Von der Periode 1841 bis 1850 bis zu jener von 1876 bis 1880 war dies Verhältniß ungefähr 66 Prozent für Gold und 34 Prozent für Silber — viel größer als der dreihundertjährige Durchſchnitt: von 1881 bis 1894 war Gold beſtändig 44 Prozent, während für 1894 es 45.6 Prozent ſtand. Es iſt wohl dieſer Durchſchnitt ſorgfältig zu merken, weil durch ein ſeltſames Zuſammentreffen dieſer Prozentſatz genau das relative Verhältniß des Metallgeldes der Welt giebt, welches Gold in den 400 Jahren ſeit 1493 gewährt hat. Dieſe Gold-Prozente werden höher ſein als dieſer Durchſchnitt für 1895 und 1896.

Silberprägung.

Kelley-Bland Bills.

Im Jahre 1876 brachte Herr Kelley (Pennſylvania) eine Bill ein, welche die Prägung von Normal (Standard) Dollars (412½ Gran) und die Herausgabe derſelben als unbegrenztes geſetzliches Zahlungsmittel (legal tender) zum Zwecke hatte. Dasſelbe Jahr brachte Herr Bland (Miſſouri) eine Bill für die unbegrenzte Ausgabe von Schatzamtsnoten gegen Gold- und Silberbarren ein. Beide dieſer Maßnahmen wurden in Erwägung gezogen und im März 1877 machte eine Commiſſion, beſtehend aus Senatoren und Repräſentanten, einen Bericht in Bezug auf Gold und Silber.

Die Kelley-Bill, abgeändert durch Herrn Bland, erhielt die Genehmigung des Hauſes am 5. November 1877. Dieſe ſetzt mit den Bland-Zuſätzen die freie und unbegrenzte

Prägung von 412½ Gran Dollars feſt und macht dieſe als ein unbegrenztes geſetzliches Zahlungsmittel, ausgenommen, wenn Verträge andere Beſtimmungen feſtſetzen.

Bland-Alliſon Act.

Die Kelley-Bland Bill wurde im Senat abgeändert und wurde bekannt als die Bland-Alliſon Bill. Abgeändert in dem Senate und endlich paſſirt beſchränkt dieſe Bill die Prägung auf vier Millionen monatlich, welche der Schatzamts-Sekretär zu erwerben und die Seignorage, d. h. der Profit an dieſem Geſchäfte und der Prägung dem öffentlichen Schatze zuzuführen hat. Auf dieſe Art wurde das Silber, ſobald es geprägt war, zu einem unbeſchränkten geſetzlichen Zahlungsmittel gemacht, ausgenommen für Certifikate, für Gold- und Silberbarren Depoſite unter dem Akt von 1863 und in Fällen, wo anderes Geld kontraktlich feſtgeſetzt worden war. Sektion 3 bevollmächtigt das Depoſit dieſer Dollars und gewährt dafür die Ausgabe von (Silber-) Certifikaten. Sie wurde Geſetz über des Präſidenten Veto am 28. Februar 1878.

Bland und Conger Bills.

Im Jahre 1886 brachte Herr Bland abermals eine Bill ein für die freie und unbegrenzte Prägung von Silber, welche bezweckte, den Minenbeſitzern und Silberbarren-Produzenten den ganzen Profit der Seignorage oder der Differenz zwiſchen den wirklichen Koſten und dem geſetzlichen Zahlungswerthe des Dollars, wenn er geprägt iſt, zuzuwenden.

Herr Conger legte eine andere Bill vor, welche die Anſichten des Sekretärs Windom einverleibte, in welcher den Silberbeſitzern geſtattet wird, dasſelbe gegen Empfang von Schatzamtsnoten zum Betrage ſeines zeitigen Marktwerthes zu deponiren; dieſe Noten ſollten bei Vorzeigung gegen zeitige Werthe einlösbar ſein.

Das Sherman-Geſetz von 1890.

Die Conger Bill in abgeänderter Form paſſirte endlich und wurde am 14. Juli 1890 zum Geſetz; es iſt bekannt unter dem Namen Sherman-Geſetz. Dasſelbe beſtimmt den Kauf von 4,500,000 Fein-Unzen Silber jeden Monat und zwar nicht theurer als zum Preiſe von einem Dollar für 371.25 Gran reinen Silbers und ſind dafür Schatzamtsnoten auszugeben. Dieſe Noten ſind auf Verlangen einlösbar in Münze und können wieder ausgegeben werden. Sie wurden als geſetzliche Zahlungsmittel für alle Verpflichtungen, öffentliche oder private, ausgenommen, wenn ausdrücklich eine andere Art vereinbart war, für Steuern, Zölle u. ſ. w. beſtimmt. Die auf dieſe Weiſe vereinnahmten Noten können wieder ausgegeben werden. Sie können ebenfalls als Theil der geſetzlichen Geldreſerven der Nationalbanken angeſehen werden. Der Akt beſtimmt ferner, daß auf Verlangen des Inhabers der Schatzamts-Sekretär ſolche Noten in Gold oder Silber einlöſen ſoll nach ſeiner Anordnung, indem es (ſo ſagt der Akt) die eingeſchlagene Politik der Vereinigten Staaten iſt, die beiden Metalle auf einer Gleichheit mit jedem andern, auf dem gegenwärtigen geſetzlichen Verhältniß, oder ſolchem Verhältniſſe, wie es durch Geſetz angeordnet ſein möchte, zu halten.

Sektion 3 beſtimmt die Prägung von $2,000,000 monatlich bis 1. Juli 1891; nach dieſem Tage ſoviel als nöthig werden möchte zur Einlöſung von Schatzamtsnoten, die unter dieſem Akt ausgegeben wurden.

Irgend ein Gewinn oder Seignorage, welche durch ſolche Prägung erwächſt, ſoll für das Schatzamt verrechnet und demſelben ausbezahlt werden.

Was iſt Gewinn oder Seignorage?

Die Bland-Bill, wie ſie das Haus am 5. November 1877 genehmigte, (ſie iſt kein Geſetz geworden) erlaubte irgend einem Eigenthümer von Silberbarren, dieſelben zu deponiren und dafür für je 371.25 Gran reinen Silbers (412½ Gran Standard Silber) einen gemünzten Dollar, welcher ein unbegrenztes, geſetzliches Zahlungsmittel ſein ſollte, zu empfangen. Er hatte nur einhalb Prozent Münzunkoſten für dieſes große Privilegium zu entrichten. Der ganze Profit in dieſer Transaktion kam nicht der Regierung, auch nicht dem Volke durch die Regierung, ſondern nur den Minenbeſitzern (den Barren-Produzenten) zu Gute. In 1886 brachte Bland eine andere Bill ein mit denſelben Beſtimmungen. Herrn Plumb's Amendement zu der Conger-Bill, welches am 10. Juni durch den Senat angenommen wurde, aber ebenfalls verfehlte Geſetz zu werden, gewährte dieſelben Beſtimmungen.

Alle drei von dieſen waren in direktem Intereſſe und bevorzugten nur die Minenbeſitzer. Alle Profite oder Gewinne in dem Geſchäfte kamen nicht der Regierung, um die Laſt des Volkes erleichtern zu helfen, zu Gute, ſondern waren nur als Profit und Gewinn einer beſonderen Klaſſe geſchaffen.

Profite der Seignorage.

Laſſen Sie uns ſehen, welcher Art dieſe Profite waren. Unter der Freiprägung würde ein Minenbeſitzer, wenn er bei dem Durchſchnitte in 1878 einen Barren zum Werthe von 89.1 Cents deponirt hätte, berechtigt ſein, von der Münze einen legal tender Dollar zum Werthe von 100 Cents in Gold oder Silber zu erhalten. Er würde einen Reingewinn, abgerechnet den kleinen Betrag für Münzung, von 10 Cents gemacht haben, ein Profit gewonnen auf die Unkoſten des Volkes.

In 1886 war dieſer ſelbe Barren nur 76.9 Cents werth, das giebt derſelben Klaſſe einen Reingewinn von 23 Cents und belaſtet dafür das ganze Volk mit 23 Cents für das unſchätzbare Privileg, welches den Minenbeſitzern die Gelegenheit giebt, die Regierung und das Volk dieſer Vereinigten Staaten als ein Laſtpferd zu benutzen. Ohne Zweifel würden ihre Dollars für die Minenbeſitzer billiger. Wie aber würde es denen helfen, welche dieſelben Silberdollars durch den Schweiß ihres Angeſichtes und zu dem vollen Preiſe von 100 Cents für den Dollar zu kaufen hätten?

Wäre dieſe Maßregel, ſo wohlthätig ſie auch für den Minenbeſiber war, im Jahre 1894 in Kraft geweſen, das theure Volk würde den Minenleuten einen 100 Cent-Dollar, welcher aus dem Silberbarren, der denſelben Leuten 49.1 Cents gekoſtet hat, gegeben haben. Das Volk dieſer Ver. Staaten mag die Nächte ſchlaflos hinbringen, ſeufzend nach mehr Silber, welches es beiläufig nicht annehmen wird, wenn ihm dasſelbe gegeben würde, um ihm zu helfen, da es das Papier-Aequivalent vorzieht, aber es ſollte nicht angehalten ſein, irgend eine beſondere Klaſſe unſerer Bürger, mag ſie auch noch ſo verdienſtvoll ſein, bis zu dem Umfange zu unterſtützen, daß ſie für 49 Cent's einen Dollar prägen läßt und denſelben für den vollen Werth in Umlauf ſetzt. Dies möchte allerdings mehr Geld machen, aber es kommt in die unrechten Taſchen, in die Taſchen der Minenbeſitzer, von welchen das Volk dasſelbe nach dem wohlbekannten Kaufſyſtem zum vollen Preiſe erhalten wird.

Was die Freiprägung gekoſtet haben würde.

Laſſen Sie uns das Reſultat einer ſolchen finanziellen Geſetzgebung berechnen; laſſen Sie uns ſehen, was dem Volke dieſer Vereinigten Staaten die Freiprägung nach den feſtgeſtellten Daten gekoſtet haben würde.

Im Jahre 1878 betrugen die Durchſchnittskoſten eines Silberbarren, genug um einen Normal Silberdollar herzuſtellen, 89 Cents. In jenem Jahre münzten wir 22,495,550 von dieſen Dollars. Zu 11 Cents am Dollar würde es dem Lande gerade $2,474,511.50 Koſten machen, welche die Silberminen-Intereſſenten für ſich einſtreichen.

In 1886 münzten wir 31,423,886 von dieſen Dollars aus Barren, welche nur 77 Cents für jeden gemünzten Dollar koſteten und welche, wäre dies unter den Freiprägungs-

Vortheilen geſchehen, dem Volke die beträchtliche Summe von $7,227,493.78 gekoſtet haben würde. Das würde eine direkte Brandſchatzung von Seiten des Congreſſes für das öffentliche Kapital zu Gunſten der Silberproduzenten des Landes bedeutet haben. Ein widernatürlicheres Beiſpiel von verſuchter Vergeudung öffentlicher Gelder war noch nie verſucht worden.

Das Sherman-Geſetz.

Unter der Ausführung des Sherman-Geſetzes von 1890 fand man, daß die Regierung 54 Millionen Unzen jährlich kaufte, oder annähernd das, was in den Vereinigten Staaten produzirt wurde. Dieſes Silber wurde in den Gewölben des Schatzamtes aufgeſpeichert und Schatzamtsnoten für dasſelbe verausgabt, welche auf Verlangen in Gold einlösbar waren. Hieraus iſt leicht erſichtlich, daß es nur eine Frage der Zeit ſein wird, wenn die Regierung die Goldzahlung einzuſtellen verpflichtet ſein würde und eine Silberbaſis erreicht haben, wenn dieſe Art fortgeſetzt wäre.

Widerruf des Sherman-Geſetzes.

In einer Extra-Sitzung des 53. Congreſſes, welche im Auguſt 1893 einberufen war, wurde nach einer langen und lebhaften Debatte das ſogenannte Sherman-Geſetz am 1. November widerrufen.

Betrag des Silbers im Gebrauche als Geld.

Es iſt ein weitverbreitetes Mißverſtändniß in Bezug auf den wirklichen Betrag des Silbers, welches von der Regierung als Geld verwendet wird. Gegenwärtig giebt es gemünzt in der Geſtalt von Silberdollars, entweder in den Gewölben des Schatzamtes oder in Circulation, hinterlegte Silberbarren, für welche Schatzamtsnoten verabfolgt wurden, und Subſidien-Silber zu dem enormen Betrage von $627,925,632, von welchem thatſächlich Alles im Gebrauche iſt. Der Geſammtbetrag des Goldes im Gebrauche beträgt in den Vereinigten Staaten $618,875,157, der der Greenbacks $346,681.016. Daraus iſt erſichtlich, daß mehr Silber im Gebrauche iſt, als irgend eine andere Geldart, und ich glaube, es würde in hohem Grade im Intereſſe der Regierung und des Volkes liegen, wenn alles Papiergeld unter $5 eingezogen werden könnte, um an ſeine Stelle den Silberdollar zu ſetzen, anſtatt denſelben in den Regierungsgewölben lagern zu laſſen. Dies iſt der Fall in Frankreich, Deutſchland und England, wo nur wenig, wenn überhaupt Papier oder Gold von einer geringeren Benennung als ein Pfund Sterling in England, 20 Mark in Deutſchland und 20 Francs in Frankreich, alſo annähernd $5 nach amerikaniſchem Gelde gefunden werden kann.

Die Regierungsſchuld.

Jetzt, Herr Sprecher, ehe ich ſchließe, wünſche ich die Aufmerkſamkeit des Hauſes auf einige bedenkliche Thatſachen zu richten. Unter republikaniſchen Tarif-Geſetzen, während der Periode vom 1. September 1865 bis zu der Zeit, als Präſident Cleveland inaugurirt wurde in 1893 — eine Periode von 27½ Jahren — verminderte ſich die Regierungsſchuld und Obligationen um $1,881,367,873, oder im Durchſchnitt von $68,632,000 jährlich. Die Schuld für den Kopf betrug in 1865 $78, in 1893 $12.55. Das iſt ſicherlich ein ſehr günſtiges Reſultat, weil es die ganze Periode vom Kriegsſchluß bis zu der Zeit, in welcher die Demokraten die volle Controlle aller Regierungszweige in die Hände bekamen. Achten Sie auf den großen Unterſchied in der Finanzpolitik zwiſchen beiden Parteien. Seit dem 1. März 1893 bis zum 1. März 1896— eine Periode von 3 Jahren — iſt die zinstragende Schuld auf $262,000,000 angewachſen, oder in Durchſchnitt von mehr als $87,000,000 jährlich, gegen eine Abnahme von ungefähr $69,000,000 jährlich unter der republikaniſchen Adminiſtration der vorhergegangen 27 Jahre.

Demokratiſches Zugeſtändniß.

Herr Dockery, eine hervorragende Leuchte der Demokratie, Mitglied des Comites für Bewilligungen, machte in dem Hauſe am 29. April 1896 (Record, Seite 4971) folgende Feſtſtellung:

> „Herr Sprecher, ich wünſche dem Hauſe einen einfachen Bericht vorzulegen. Für das Fiskaljahr, endigend am 30. Juni 1894, verfehlten die Regierungs-Einnahmen die laufenden Ausgaben von $69,803,260.58 zu decken. Während des letzten Fiscaljahres war das laufende Einkommen unzulänglich, die laufenden Verbindlichkeiten durch $42,805,223.18 zu decken, und es iſt jetzt abgeſchätzt, daß das Defizit in den laufenden Einnahmen für das gegenwärtige Fiscaljahr nicht weniger als $25,000,000 betragen wird."

Das ſind Thatſachen und offizielle Figuren und es will mir ſcheinen, daß hierzu etn Commentar überflüſſig iſt.

Freie Silberprägung.

Die Zeit iſt gekommen, denke ich, Herr Sprecher, daß die republikaniſche Partei entſchloſſen gegen die Silberfreiprägung Front machen ſollte, es ſei denn durch internationales Uebereinkommen. Ich bin willig geweſen, alles, was in meiner Kraft lag, zu thun, ſoweit als möglich einen Silberbetrag in Umlauf zu halten, und die Zahlen, die ich gegeben habe, ſind ſicher entſcheidend, daß die republikaniſche Partei ihre *volle Schuldigkeit* gethan hat und die Grenze, ſoweit ſie die Freiprägung von Silber betrifft, erreicht hat und in der bevorſtehenden Campagne ſollte ſie redlich auf ihrem zuletzt eingenommenen Standpunkt für *ehrliches* Geld verharren und den großen Finanz-Unternehmungen und Finanz-Inſtitutionen die Feſtigkeit geben, die nur durch eine beſtimmte Erklärung gegen einen erniedrigten Cours erreicht werden kann. *Unter gegenwärtigen Verhältniſſen* iſt die Eröffnung unſerer Münzſtätten für *Freiſilber eine Unmöglichkeit. Es bedeutet den Ruin und den Bankerott für viele Millionen von Menſchen.*

Laßt das Rad des Fortſchrittes bewegen.

Jetzt, Herr Sprecher, ſind wir erſt kürzlich Zeugen von dem Schauſpiele gewiſſer Freiſilber-Befürworter in dem oberen Hauſe dieſes Congreſſes geweſen, die ſich aus Demokraten und Populiſten zuſammenſetzten und die großen Induſtrie-Intereſſen dieſes Landes *bei der Kehle faßten*, indem ſie zu 70 Millionen Menſchen ſagten, daß es keine Finanz-Geſetzgebung, keine Tarif-Geſetzgebung geben würde, bis Silber anerkannt ſei, oder mit anderen Worten, bis die Münzen für Silber-Freiprägung geöffnet ſeien. Auf eine ſolche Behauptung, Herr Sprecher, kann es nur eine Antwort geben und ich glaube, in der Abſtimmung bei der bevorſtehenden Wahl wird das Volk ſich in ſeiner vollen Macht erheben und fordern, daß die Befürworter dieſer Intereſſen nicht länger die Räder des Fortſchritts aufhalten, nach den 55. Kongreß von der Einführung ſolch weiſer Schutzzoll-Geſetze, welche nicht nur ausreichende Einnahmen für die Bedürfniſſe der Regierung gewähren und zum Schutze aller großen landwirthſchaftlichen, Arbeiter und Induſtrie-Intereſſen dienen, verhindern werden.

Summa.

Ich habe verſucht, Herr Sprecher, in dieſen wenigen Bemerkungen eine Finanzgeſchichte dieſer Regierung ſeit dem Kriege zu geben, indem ich zugleich die Produktion von Silber und Gold ſeit den letzten 350 Jahren gezeigt habe, in der Meinung, daß die enorme Produktion von Silber während der letzten zehn Jahre viel mit ſeinem gegenwärtigen Barrenwerthe zu thun hat, und ferner, Herr Sprecher, daß die große Zunahme in der Produktion von Gold und die Abnahme in der Produktion von Silber ſeit 1892, wenn dieſelbe noch einige Jahre anhält, viel dazu beitragen wird, daß dieſe Metalle in ihrem Barrenwerthe ſich wieder nähern werden.

"Looking Forward"

FROM

"Three Evenings with Silver and Money"

A TALK OF FOUR NEIGHBORS

ABOUT

MONEY AND SILVER

Part Two: "Looking Forward"

FROM THE REMARKS OF

HON. JOSEPH W. BABCOCK
OF WISCONSIN

IN THE

House of Representatives, Washington, D. C.

June 8, 1896

"Looking Forward"

FROM REMARKS

of

HON. JOSEPH W. BABCOCK

OF WISCONSIN

Monday, June 8, 1896

Mr. BABCOCK. Mr. Speaker, under the leave which has been granted by the House, I desire to make some practical observations on silver and money, and especially on the proposition that the United States should open its mints to the gratuitous and unlimited coinage of silver at the rate of 16 to 1.

And in doing this I can best express my views in a simple and easily understood manner by adopting as my own a conversation on the subject on three evenings between Mr. Smith, a practical business man and careful student of finance; Mr. Jones, an intelligent farmer; Mr. Vance, formerly a Greenbacker, now a Populist and silver man, and Mr. Burns, a common-sense laborer.

EXTRACTS FROM

"Three Evenings with Silver and Money"—A Talk of Four Neighbors about Silver and Money

THIRD EVENING

"Looking Forward"

ANOTHER POINT OF VIEW.

Mr. JONES. Now, we as neighbors have talked this matter over pretty thoroughly. Last night I received a letter from a friend of mine in the Northwest, and with that letter he has sent me some figures and facts which I think will be of interest to us all. My friend is a hard-headed farmer. He is conservative and still enterprising; he is a good farmer, and last year bought eighty acres more land (running in debt, of course, for a portion of the purchase money), and is pushing along as well as he can in these hard times. His farm is near a town, which was growing rapidly in 1890, 1891, and 1892. They had put up a woollen mill and a paper mill, besides several other manufacturing plants, and as usual in these Western towns, they had borrowed money for all of these enterprises, and had pledged the future with bonds to enable them to open new streets, build sidewalks, put in water, gas, electric lights, and a line of street cars. From a sleepy country village it had grown under the inspiration of the tariff law of 1890 into a brisk town, affording a large market for all the farm products in that vicinity. The Wilson-Gorman bill struck them below the belt; the mills have shut down, and they are in bad shape. This situation of affairs has caused him to study the situation from his point of view, and if you neighbors are sufficiently interested to desire to hear these, we might meet some other evening at the schoolhouse, and invite the other people of the community, and see what he has to say.

Mr. BURNS. That will be a capital idea. This is a big country; we are all interested in this subject, for what helps one portion helps all, and the same causes work out identical effects in every portion of this great country.

Mr. SMITH. Yes, we are all vitally interested in getting at the plain facts of this business, and we can't give it too much study or deliberation. What we want to arrive at is the truth—the plain truth and the whole of the truth.

Mr. VANCE. Well, I have read Coin and a whole lot of literature published by the Mine Owners' Association and have got some radical ideas, yet I too desire to get at the facts. I have changed my views considerably during the three evenings we have been together, and I must say that while I am not prepared to abandon my original views, I have modified them considerably and become more anxious to keep at this thing until I get down to bed rock.

With this understanding they adjourned until the next Saturday evening.

FROM THE STANDPOINT OF A NORTHWESTERN FARMER.

They were all assembled in the schoolhouse on the Saturday evening appointed, and so lively an interest had all their neighbors in the question to be discussed that the house was packed full.

Among the audience was a fair sprinkling of ladies, some of whom thought they ought to vote as well as the men, and all of them were interested in hearing what some person in another portion of this country thought about the present condition of affairs.

MR. BROWN'S LETTER.

"MY DEAR JONES:—You know I was born down East, but that as a young man I struck out for the West, and have put in twenty years of hard work. I have eighty acres of land, one mile from town, all paid for. I have good buildings, teams, tools and supplies on hand to run me through a year. Last year I bought 80 acres more, which joins mine on the south, for $30 an acre. I only had $400 to pay down; leaving $2000 on which I had to pay 6 per cent. interest for three years. I don't suppose I can raise the $2000 at the end of that time, but I hope—if I have my health and good luck—to reduce it to $1000, and make a new loan for the balance, clearing that off in two years. I could have done this easily as things were a few years ago, but now, with the load of a two-thousand-dollar debt hanging over me, I shall have to plan carefully to come all right. Some of my neighbors are talking very strongly in favor of the free coinage of silver at 16 to 1, thinking that would make a great change in the condition of affairs. My opinion is, however, that it is not so much a question of free silver as it is of business confidence and a protective tariff."

MR. BROWN'S STATEMENT.

Inclosed with his letter, Mr. Brown sent a paper which he had prepared, which Jones read at length. It excited so much interest and touched upon topics which were so important that it is given in full.

Mr. JONES, after clearing his throat, said: This seems at first to be a conversation between Mr. Richard Poor and Mr. Peter Sail.

The succeeding chapters describe Mr. Poor's discussions with several eminent persons, and the effect of such discussions on the audience.

Mr. Poor seems to be an independent, fairly educated, level-headed laboring man, who has carefully saved some of his earnings, got himself a house and lot, and has several thousand dollars invested. The hard times have hurt him, but they have not brought him to utter want. Mr. Peter Sail is also a hard-working man, but never got so good wages as Poor. His wife had been sick a good deal, and other troubles had hindered his getting ahead so much in the world. In December, 1892, he had his little house and lot paid for and fairly furnished, and $300 in the bank. At the date of this statement his money had long since been gone, he had got in debt for living expenses, and had tramped for work month after month, and only a few weeks before had been obliged to sell their little home to pay their debts, and had moved to a little rented house on the outskirts of the town. He now had absolutely no resources, and had it not been for Mr. Poor, who kindly risked loaning him money—to be repaid if he should ever get work—he and his family would have suffered for the necessaries of life.

THE INDEX OF PROSPERITY.

"The men who depend upon their daily toil for their daily bread," said Poor, "constitute the balance wheel in American commerce. There is no better index to the condition of a people than is indicated by the condition of the laboring men, known as wage-earners. They are more adversely affected by depressions and stagnated business than any other of our population. Talk about the amount of money in a country indicating prosperity! There is nothing in that. It is the amount of money that reaches the pocket of the poor that makes a country prosperous. If all the money in the world were dumped upon American soil it would not be beneficial except in so far as it reached the pockets of the poor. It would only be beneficial in so far as it enabled our people to buy more of the necessities and comforts of life. If it should go into the hands of the people who have plenty it would fail to benefit any one. It would not make a heart happy nor increase the consuming ability of our people. So I say in the broad sense of the term it would not be beneficial."

Poor here took a piece of white paper out of his pocket and with a lead pencil quickly drew two reservoirs, and, continuing, said: "This reservoir represents a healthful condition of business. It shows the money in circulation, going from the capitalist to the farmer and wage earner, and from them to the capitalist again. This represents prosperity. The laborer is prosperous because he has work and is getting his part of the money of the country. The farmer is prosperous because, when money is circulating and the wage earners are all employed at good salaries, he has a larger demand for his products; and with an increased demand goes higher prices.

THE NATIONAL MONEY IS CONGESTED.

"Now," continued Poor, "this other drawing represents the country when the money is not circulating properly. Money is the blood of the nation. When the bloods fails from any cause to circulate in any member of the human body, that member must perish. It can not live.

"Well, now," continued Poor, "the same is true of the members of our nation. The farmers and laborers are the main members upon which our nation to-day stands. In this drawing you will observe the money—the blood—is not circulating among the farmers and wage earners as it should. They can not stand that long. They must soon perish, and with them our nation, unless we can get the circulation revived.

"This money is congested, just as the blood would be in the body if it should cease to circulate in the legs and arms. There is just as much money in the country as ever, but the poor do not get it. When this condition prevails it is common to hear people say money is scarce, and that there is little money in the country, when they really mean that it is not circulating.

"I heard a man say the other day that to increase the amount of money in the country to $50 per capita would bring prosperity. What do you think of that as a means for relief?

"Suppose," said Poor, "all your blood should rush toward your heart and cease to circulate in your limbs. Suppose a doctor would propose to cure you by driving the blood from about the heart and compelling it to circulate throughout the whole system, revivifying every member and particle of the body. Suppose then another doctor would propose to bring relief by injecting into the body more blood. Now, between these two doctors which would you choose as your physician, under the circumstances?

"The one who would make the blood circulate, of course. I would have no assurance that if I employed the other doctor the blood would circulate after he injected it into my body.

"Before talking about increasing the volume of money let us first force into circulation the money we have.

MUST MAKE MONEY CIRCULATE.

"We must manage some way to compel the money to circulate. What I mean by circulation is passing among the masses. Money piled up in the vaults of the rich is not circulating at all. It is hoarded and is doing no one any good. To increase the amount so hoarded does not put any more in circulation. The problem to be solved is not how to increase the amount of money in the country, but how can we give to labor its just rewards and keep in circulation the money we now have. How can we give to the poor their share of our present volume."

HOME vs. FOREIGN LABOR—A CONVERSATION.

Poor went over one afternoon to see how Pete was getting along. He was pleased to find Mrs. Sail improving rapidly. It being a warm day and there being several in the house Poor and Pete went out and sat down on the grass in the shade of a tree. After they were comfortably seated Pete began the conversation by stating that his wife would soon be well again, and he would like to find work, and inquired of Poor about the prospects of finding any.

"I don't know," said Poor, "where you can find work at present; but I hope the mills will start again soon."

"Poor," said Pete, "I have been thinking of this matter of work ever since I saw you at the bank. I have also been more impressed with the idea that the people are with us, and would help us if they only knew how to go about it. What has been worrying me is what to do. What do we need? What will give us work? What will bring happiness and prosperity to our land? I am free to confess I see no way out. The future to me is dark."

'It is well," said Poor, "for us to inquire what ails us. We are out of employment. That much we know. How can we get it and what will be the best for the country are the things to be considered.

DO ALL OF THE WORK.

"Pete," continued Poor, "if you were idle a good part of the year, and there were things you needed, would it be better for you to make them during the time you would be idle, or would it pay you to buy them and do nothing part of your time? If you could make the articles as good as any one else, and you would put in your spare hours making them, would you not be worth more at the end of the year by reason of having saved your money and supplied your wants by your own labor?"

"I most certainly would," replied Pete. "I would be worth just as much more as the articles made would have cost."

"Then," said Poor, " if there are articles the people of this country can produce, and there are idle men to produce them, would it not on the same principle, be to the interest of our country to have our idle men employed supplying the wants of the people and saving the money that would otherwise be sent abroad? Every dollar's worth of goods made in this country adds that much to our national wealth. It adds the same amount to the wealth of the men who produce them. If we had all our idle men employed, just think what an enormous amount of wealth would be added annually to our country. The amount of money sent abroad, if kept here and paid to our own workmen, would increase the wealth of the country to that extent every year. It would also increase the individual wealth of the men who would do the work. The beauty of that increase, Pete, is that it is among the poor. It increases their wealth, and that is the only way I know to increase the wealth of the poor. If you could increase the value of the property of the nation it would only benefit the property owners, and especially the rich, and the poor would get very little advantage from such increase. A law which will give the poor work, though, is especially beneficial to them and adds almost exclusively to their wealth.

CONVICT LABOR.

"Pete, are we out of employment because there is no work?" asked Poor.

"I think so," said Pete.

"Well," said Poor, "let us see if that is correct. There were in 1890, 64,349 convict laborers at work in the penitentiaries of the United States manufacturing salable articles. Do you know what that means? The United States Commissioner of Labor, in his second annual report, in 1886, quotes a report of a commission to the Legislature of New Jersey on convict labor. 'Every convict,' says this report, 'who makes any salable article does work that a free laborer might do, and therefore competes with the latter.' If every one of those 64,349 convicts does work that a free American might do they make work for just that many less free workmen. There are now about 70,000 convicts at work. If they were all stopped it would make a demand at once for about that number of free workmen. It does not seem right that one who has committed an offense and been put in the penitentiary should be so worked as to deprive a law-abiding man of his means of livelihood. Shut off the competition of convict labor, and there will be work for about 70,000 more free workmen. That would be beneficial would it not, Pete?"

"Yes," said Pete, "but that would not supply the demand for work at the present time. It would be a good idea, though, to not permit convicts to do any work free labor would get were it not done by the convicts. I most heartily agree with you on convict labor."

THE IMPORTED PAUPER.

"There are tens of thousands of foreign pauper laborers coming to our shores yearly," said Poor. "They seek work in our mills and factories. They take work from that many Americans. Now, Pete, would it be beneficial or detrimental to the American wage earners to have all the work, and stop this constant drain from other countries? If it were stopped, would it make more or less work for our own workmen? If it would make more work it would be beneficial, would it not? If beneficial, why not make an effort to restrict immigration?"

"If we could abolish convict labor," said Pete, "and prohibit foreign pauper immigration, it would give quite an impetus to labor. It would cause an increase in wages, and give to at least a million people additional necessities of life."

"Yes; but hold on; I am not through yet," interposed Poor. "You will agree with me that every dollar's worth of work that can be done by the home workmen should be given to them. The people of the United States require about 6,000,000 wage earners to do their work; that is, make the manufactures, work the mines, build the houses, repair the machinery, and do all the work hired done. There are just about that number of wage earners in the country. Now, if we let 70,000 convicts do such work, and there are tens of thousands of foreign paupers coming here annually, in a few years there would be hundreds of thousands of American workmen in idleness and their families in want. It must always be remembered that every man has about three depending upon him for a living. One hundred thousand idle men means 400,000 people living without the necessities of life which our higher civilization demands. However important the questions of convict labor and foreign immigration may be, they fade into insignificance when compared to a more stupendous wrong which our people are now suffering."

Pete here unconsciously opened his mouth and gazed at Poor as though he were unfolding to him all the wisdom of the universe. Poor noticed how interested Pete had become and was rather amused at the expression on his face. He did not allow that to interrupt him, however, but went on:

"We are employing, to supply the demand of the United States, over a million foreigners who never saw the sun rise on American soil, who never saw America, who never pay one cent of tax to support the Government, and who spend their money for Indian and Russian wheat, for South American and Cuban tobacco, and for Australian wool and sheep. We pay them annually for that work more than $600,000,000.

Pete's mouth opened wider and his eyes seemed larger as Poor said this.

"Yes," said Poor, "we bring into this country annually work done by foreigners amounting to about $600,000,000, and yet there seems to be no concerted action on the part of the labor organizations to check it. The labor organizations will meet and resolute against convict labor, which involves the work of 70,000 men, and will pass unnoticed the importation of foreign labor of more than 1,000,000 men. Every foreigner who makes any salable article for our market which could be made by us takes just that much work from our own wage earners.

"Just think of it! A million foreigners employed by the American people! A million American workmen turned out of employment and their families tasting all the bitter experiences of poverty and the degradation of pauperism and tramping! When these poor wretches cry for relief resolutions are passed condemning convict labor and censuring the money power. Now, what we want is something practical. We want to take some concerted action in our own interest, prevent this large importation of foreign labor, make a demand for our work, put a million of idle men at work, and we will have a labor power controlling the affairs of our nation, and that much-discussed 'money-power' will be unknown. When there is plenty of work to do we can dictate terms; when millions of us are idle we have to take such terms as are offered."

"Poor," said Pete, "I have heard a great many tell how to solve our present difficulties, but never before heard anyone suggest a remedy so practical and at the same time so easily secured."

"There is to be a meeting to-night at the Grand Opera House," said Poor, "for the purpose of considering this very question. I hope you will be present."

After bidding Pete good day Poor went home.

THE LECTURE.

The Grand Opera House was filled when the meeting was called to order at 8 o'clock. Several thousand people were present, anxious to advance, if possible, the cause of the working people. Nothing stirs up greater enthusiasm than a discussion designed for the betterment of humanity in general and the poor in particular. This meeting was not a gathering of partisans to discuss party issues, but was a gathering of citizens, regardless of party, to discuss questions calculated to elevate the masses.

After the proper organization of the meeting the chairman introduced Poor as the speaker, who said:

"Mr. Chairman and fellow-workmen: This is my first attempt to talk in public. I do not claim to be an orator, but shall endeavor to say a few words to the point, and try to stir the working people to greater activity in their own interest.

OUT OF EMPLOYMENT.

"Here we are to-night without employment, hunting work, families in need, children out of school, growing up in ignorance, and we are doing without all the luxuries and many of the necessities of life. Some of our fellow-workmen and their families are actually at the point of starvation.

" 'No work,' did I hear some one say? Is that the reason we are idle? Is that the reason we are here seeking relief? No, that is not the reason. As I was saying this afternoon to my friend Pete Sail, who I am pleased to see is present, the American people sent to foreign laborers for work over $600,000,000 last year. We had during that year over 1,000,000 foreigners working for us. Now I need a suit of clothes. I must have it, too. I cannot make it, so I will have to buy it. If I buy it here I give that much money to the workingmen. If I buy a suit made in Europe I deprive the American workmen of just that amount of work and money necessary to produce it on this side of the Atlantic. Yet that's just what we did last year and are doing this. Why do we do it? Why were 1,000,000 foreigners working for the United States last year? Why did we send them over $600,000,000 for work? Why are we doing the same thing at the present time? If all the people of this nation had all the work they could do it would be all right; or if they could not do that kind of work, then there would be nothing wrong in sending out of the country to have it done. Were all of our workingmen employed the whole of the year? Were there no Americans who wanted the work? Were there no idle men in the country? If idle, why idle? It was not because there was no work to do, was it? No, that could not be, for at the very time you were idle we were employing this horde of foreign vandals. Why, then, were we employing them when we needed work so badly ourselves? There is but one answer, and that is incontrovertible; it is because the foreigners worked cheaper than the Americans would. There are some Americans who are so unpatriotic, care so little for their fellow-men, worship their money to such an extent they will let our own people suffer and send their money to Europe for the products of labor because it will buy a little more there than here. We must either work as cheaply as the workmen of other countries do, and sell the products of our labor as cheaply as they do, or we must prevent them from selling their labor and its products in our market. I want in this connection, to ask you wage earners this question: If there were American workmen who were unemployed, and whose families were in need, would it not have been far better to have had them at work and receiving this money that was leaving the country, even though the purchaser would have paid a little more for the products of their labor than he would have had to pay for the products of the labor across the water? Would it not have been just and right to have given them that work at fair wages? (A voice, 'Of course it would!') My friends, would it not have been to the interest of every wage earner in the country? (A chorus of voices shouted, 'Yes!')

AN ORGANIZATION.

"How many wage earners are there present who will agree to buy nothing made by foreign workmen if it could be made by our own labor? And who will agree to patronize no merchant who buys foreign-made goods that could be made at home? And who will agree to join an organization to prevent the importation of any products of foreign labor to sell in competition with the labor of our own people?"

"We will all agree to that," said a voice.

"I want to see if you will," said Poor. "All of you who are in favor of such an organization, please rise to your feet." Every man in the house rose to his feet except Professor W——. "You may be seated," said Poor.

THE BUSINESS MAN'S WAY.

"The reason that I am so in earnest," continued Poor, "is that public opinion and local custom are not strongly in favor of the rights of the poor workingman. You notice the business and professional men of any town. They do not like for the people of that town to go to some other place to trade or procure professional services. One of you wage earners go to a neighboring city and buy some goods because they are cheaper than they are at your home town, and hear how your merchant will censure you and how public opinion will condemn you for not patronizing your home merchants. Then notice the merchants of your town when they buy a stock of goods. Instead of buying goods made by the workingmen of their town, or even of the United States, they will buy goods made by workingmen in England. They will permit the American and home wage earners to starve. What, then, will public opinion say to the merchants? Will it censure and condemn them for buying the work of the Europeans rather than Americans? No; it will commend them for their enterprise in so doing, and the citizens of the town will even encourage them by buying the foreign-made goods.

"Suppose one of you laborers should go to your town merchant and say, 'Mr. Merchant, we can buy everything a great deal cheaper in a neighboring town than we can from you. It would be to your interest for us to go to that town to trade and not buy anything you have for sale.' What would the merchant say to you for presuming him to be such an ignoramus? He would ask you if you took him to be a lunatic or a fool, and would probably apply the toe of his shoe to the seat of your pants by way of emphasis. When that merchant or anybody else tells you workingmen how you would be benefited by letting into this country the products of foreign labor, I know of no better argument for you to use on such persons than the toe of your shoe applied to the seats of their pants with neatness and dispatch.

THE ARGUMENT.

"Persons who will maintain such a preposterous proposition must be beyond the reach of reason and argument.

THE REMEDY.

" 'What are we going to do about it,' did I hear you say?" contiued Poor. "I will ask you if you want the work? That is the first thing to be determined. If you do not want it for yourself, do you want it for your fellow-men? If you do, it can be very easily secured. Let us form this organization I have mentioned, and work for the levying of a duty on all articles which we can manufacture sufficiently to supply the demand. Let us make that duty high enough to prevent the importation of any such products."

Professor W——, the noted orator, politician, and free-trade advocate, here rose and said: "Mr. Speaker, I would like to ask a question."

"Go ahead," said Poor.

"In what way," said the Professor, "and on what articles would you levy that duty?"

"I would levy it," said Poor, "upon such articles as can be made at home, and would let in free those articles we cannot produce."

"Why would it not be better," queried W——, "to reverse that, and let in free of duty those things we can make and put the duty on those we can not?"

THE TWO PRINCIPLES.

"Your question," replied Poor, "involves a discussion of the underlying principles of levying duties on imports. I will show you what effect these two modes of levying duties would have upon the country, and will let these workingmen before me decide which mode they prefer. Tea, coffee, and other articles we cannot produce, you, Professor W——, would levy a duty upon. That would increase their cost to the consumer, to these workingmen, to the extent of that duty. They would have to pay it if they bought any of those imported goods. That would add to their burdens and increase the price of those necessities of life to the extent of the duty placed upon them. What compensation do you offer, then, for this additional hardship? After you have increased the price of these necessities, what do you do with the products of our labor? Do you make provision so that we may sell the products of our labor at an advance equal to the increased price of those things we have to buy? No, you do the reverse. The things our workingmen can make you let in free. You do this so they cannot charge any more than the Englishman would sell them for. You say to them, 'We want work done, and unless you will do it as cheaply as the foreigner we will let the foreigner have the contract.' That means a reduction of about half in wages. In other words, you increase the price from about 40 to 60 per cent. on all our workmen have to buy, and at the same time decrease the price of what they have to sell about 50 per cent. Then you ask me why the duty should not be levied in that way." (Applause.)

THE RIGHT WAY.

Poor was interrupted by the shuffling of feet and a low talking near the door. He stopped speaking, and looking in the direction of the noise observed Hon. Grover Fogg pressing forward through the dense crowd toward the speaker. When Fogg got near the speaker, some one, recognizing the important individual, got up and gave him a seat. Order being restored, Poor proceeded: "Here is the way I would levy the duty. You workingmen are entitled to all the work you can do. I would put a duty on such work so high that no foreigner could deprive you of a dollar's worth of it. (Applause.) I would make it so high that English workmen could not regulate your wages. After giving to you all this work I would let in free of duty all articles you had to buy. The trouble with your plan, Professor

W——, is that it reduces the income of the wage earners about half, and at the same time doubles their burdens. You take the money from the very class of people who can least afford to lose it, and decrease those incomes which affect most adversely the interest and prosperity of the country. It is like taking blood from the human heart. It is taken from the most vital and dangerous place.

THREE OBJECTIONS.

"Your plan, briefly stated, has three very objectionable features," continued Poor.

"First. It would allow hundreds of millions of dollars to be taken directly from our wage earners and paid to the wage earners of other lands for the products of their labor.

"Second. It would only allow our workmen to charge for the work left for them English prices, which would be about half their present wages.

"Third. After taking hundreds of millions of dollars' worth of work from them and reducing their pay half for the remaining work you would add an increased burden by increasing the prices of the articles they cannot produce."

PROFITS OF CAPITAL.

"Would not your plan enable the manufacturers to make large profits?" interrupted the Professor, feeling greatly encouraged by the appearance of his chief, Grover Fogg.

The profits of manufacturers was one of W——'s hobbies, and he thought if he could draw Poor out on that line of argument he would be able to get the better of the discussion. Professor W—— is a man of a good deal of conceit anyway, and just required such a man as Poor to let some of it out of him. After W—— took his seat Poor looked at him and said: "Suppose the manufacturers do make profits, I have no objection to that. We should not be deprived of our work and our means of support, and our families pauperized because some one else would make a profit out of our employment. We would prefer to have the American rather than the English capitalists make the profits anyway. Then, the profits of our manufacturers are not as great as their enemies would have people believe. Money is always seeking paying investments. There is plenty of idle capital in the country and plenty of money to loan at 3 and 4 per cent. per annum. If there are such large profits in manufacturing, why do not some of these men who make it a rule to condemn all manufacturers put some of their wealth into factories, reduce the price of goods, and become public benefactors? Why do people loan millions of money at such low rates of interest if there is such a bonanza in maunfacturing? Profits are no higher in this country than in England, and no higher in protected than in unprotected industries."

The Professor's face turned red and he appeared to be restless. Poor, looking at W——, continued: "Professor, reason is against your position. Some people, though, will not take reason for anything, so I will give you some authority. The first witness I will call to answer your question will be the Hon. William E. Gladstone, of England. In the North American Review for January, 1890, he said: 'No adversary will, I think, venture upon answering this by saying that the profits are larger in protected than in unprotected industries; first, because the best opinions seem to testify that in your protected trades profits are hard pressed by wages—a state of things very likely to occur, because protection, resting on artificial stimulants, tends to disturb and banish all natural adjustment.' Mr. Gladstone further says: 'As result of increased wages in the United States your shipbuilders do a small trade with a large capital instead of doing. as before, a large trade with a relatively small capital.' You will notice Mr. Gladstone admits that wages in protected industries are up pretty well to the selling price of the manufactured article, and leave little to the manufacturer for profits. He argues against a high duty because it increases wages, and a person cannot do as much business—that is, buy as much work with a given amount of money—as he could formerly under a low duty. In other words, muscle, bone, blood, and manhood have increased in price until it requires a large amount of money to do a small business. This he complains of.

"Another witness I desire to call is the statistics of the United States, which show that 73 cotton manufactories in the States of Maine, New York and Massachusetts have been paying dividends of not to exceed 3.69 per cent. per annum on the amount actually invested. The factories in other lines have made no greater profits. In fact, there are perhaps 50,000 idle factories in the United States to-day. Is it to be supposed that these factories would be idle if they could be making profits? These thousands of silent factories tell a story about profits which needs no comment."

ENGLISH AND AMERICAN WAGES.

"I maintain," said Professor W——, "that wages are not higher in the United States than in England. It may be that our workingmen make more money during the year than the English do, but it is because they work faster and are paid by the piece. The Englishmen get as much per piece as the Americans do, do they not, Mr. Speaker?"

"This," said Poor, "is the stock argument of persons maintaining your side of this question. I want to show you the falsity of it, so you will never repeat it. It is one of the most ingenious arguments you produce; yet it is no argument. It is simply an assertion. Can the American blacksmith or carpenter do more work than the Englishmen following either of these trades? The English carpenter gets $7.50 per week, the American $15. Can the American engineer, who gets $21 per week, run his engine faster than the Englishman, who gets $10? Can the American laborer, who gets $8 per week, do more work than the Englishman, who gets $4.10? These prices show the relative amount paid for wages in these two countries. The difference indicated in the wages mentioned is maintained through all occupations.

THE SENATE REPORT.

"Perhaps the highest authority in the world on this question," continued Poor, "is the report of a committee of the United States Senate. That committee was composed of persons entertaining different views on the question, and had to assist it some of the ablest statisticians in the world. After a thorough investigation the committee came to the unanimous conclusion that wages in the United States are 77 per cent. higher than in England. That is higher authority than your assertion, Mr. W——."

W—— dropped his head and seemed to be in deep meditation.

Poor continued: "But you may not be satisfied yet, Professor, so I will show you conclusively that wages are higher here than abroad.

IMPORTED WAGES.

"We import yearly," said Poor, "several hundred million dollars' worth of foreign work, pay the cost of transporting it from Europe to America, pay from 40 to 60 per cent. duty, and yet get it as cheaply as the American workmen will sell their products. Now, if labor is not cheaper in England, how do they pay all this cost to get into our market and still undersell our products?

GLADSTONE SAYS.

"It seems to me," continued Poor, "that I have presented sufficient argument to convince any one that our wages are higher than the English wages. I desire, though, to put Mr. Gladstone after you again, Professor. He says, 'The American rate of wages is higher than ours, I concede.' Can you, in the face of all this authority, have any doubt which country has the higher rate of wages? I put all this proof against your bare assertion."

Professor W—— did not look up, but continued to gaze on the floor and seemed to long for a hole through which he could drop out of Poor's sight.

GROVER FOGG RISES.

Fogg—the impulsive, self-important, and petulant Fogg—rose to his feet and attempted to assist his bosom friend W—— out of the difficulty he had gotten himself into. Fogg is a lawyer by profession and belongs to that class known as "bulldozers." As long as everything goes Fogg's way he is all right, but is very easy to become discouraged and is likely to leave his friends or clients in the thickest of the battle. He is not much on the fight himself; he prefers a substitute. He never loses an opportunity, though, to inflict his own opinion upon those present. This probably accounts for his great reputation of being such a shrewd man. When Fogg rose perfect silence prevailed throughout the hall. Poor's friends wondered if he could hold his own with Fogg. After standing a few seconds and looking around over the audience, to make sure they all saw him, Fogg said: "May I answer a question you asked a while ago?"

"You have my permission," said Poor.

"You asked this question," said Fogg. " 'If we levy a duty upon imported articles we cannot produce, and threby increase the price of them, in what way would we compensate the laboring man for this great burden?' That question was not answered by any one, and I desire to answer it now. Our workingmen would be fully compensated by giving them all the American products for about half the present prices. That is all the compensation any reasonable man should ask." Fogg looked around at the crowd, walled his eyes up, run his fingers through his long bushy hair, and sat down.

Jim Giles, who sat near him, became so amused at Fogg's actions that he laughed right out.

"That is your answer, is it?" said Poor, smiling.

"Yes, sir," responded Fogg.

A BOON OFFERED.

"That," continued Poor, "is great encouragement. It is indeed a great boon to offer these men the products of their own labor for half the present prices. You, Mr. Fogg, do not understand what these plain workingmen want. They do not want to be pauperized, nor do they want to give the products of their labor away, nor do they want the price of them decreased one-half, or any other amount. You offer them the same thing Professor W—— did. That is, increase the prices of the necessities of life they have to buy and decrease the price of what they have for sale. I guess, Mr. Fogg, your plan is not acceptable to them." (Cries of "No! No!")

Fogg's sensitive, impulsive nature could not very well stand such an outburst of disapproval. He took it as a personal insult to his royal highness, and, taking his hat in his hand, started toward the door. The crowd, though, was so dense he could not get out, so he sat down again,

THEY AGREE ONCE.

"Mr. Poor," said W——, who now felt still more encouraged since Fogg had entered the arena to assist him, "I am opposed to letting foreign paupers or any other foreign workmen come to this country. I am a friend to these working people, and, as I view it, to prohibit foreign immigration is the only way we can give them immediate relief."

"Now," said Poor, "I am real glad you go so far in my direction. But why do you favor keeping out foreign paupers?"

"So as to give the work to our own people," replied Mr. W——, in a somewhat more confident tone.

"A good idea," said Poor. "Now, W——, if a foreigner comes here and works, is he or his labor detrimental to our wage earners?"

"It is his labor, of course," replied W——.

"Then, if they come here," said Poor, "and do not work they will not throw anyone out of employment, will they?"

"No," said the Professor, hesitatingly.

"Suppose again, Mr. W——," continued Poor, "that the products of foreign labor be sold in our market. Before you could say whether that labor was detrimental to our wage earners you would have to investigate and learn where the work was done. (Great laughter and applause.) If you should find that the foreigners did the work in New York or Chicago, it would be a national calamity, but if they worked in England and sent their labor over here in the form of finished products it would be a national blessing. As for my part, Mr. W——, I think the foreigner who works and sells the products of his labor in our market brings as much destitution to our people when he works in London as when he works in New York, and as much when he works in Paris as when he works in Chicago. It makes no difference where the man is, it is the products of his labor we are opposed to having in our country; and it is the products of his labor we desire to keep out. See the fallacy of your position! If a million foreign workmen were on their way to America, you will concede that if landed they would take work from that many of our own people, and spread destitution and financial ruin throughout our land. That same number of men are at work every day across the ocean and selling the products of their labor in our market. You pay no attention to that. You are unconcerned about a million foreigners working for us in other lands, and then express great anxiety about a few thousands who come over here.

"But why, I say, are you in favor of keeping out pauper laborers? If we should import, say, 3,000,000 paupers from European nations who would work for less than half the wages our workmen get, it would make everything cheaper, would it not? That is what you say would be a blessing to the country—cheaper goods. If cheaper goods are so desirable, why not offer an inducement for foreigners to come over here and work? It would be just as detrimental to our working people to have manufactures cheapened by importing foreign goods as it would to import the foreigners and let them make the goods here."

Professor W—— saw that Poor had shown his inconsistent position in advocating restricted immigration, and at the same time letting in unrestricted the labor of foreign workmen. He was very anxious to change the subject.

THE MANUFACTURERS IMPORT PAUPERS.

"Mr. Poor," said W——, rising to his feet and appearing more nervous than before, "do you not know it to be a fact that these manufacturers you are upholding import English laborers to displace our own workmen in their mills and factories?"

"Do you know it?" asked Poor.

"Yes, sir, I do," said Professor W——, emphatically, and at the same time striking the table with his fist.

"Mr. W——," said Poor, "you have now admitted what you awhile ago denied." W—— here dropped his head again as if looking to the floor for some inspiration.

Poor went right on: "You said labor is no cheaper in England than in the United States. You now say these manufacturers import English laborers. That admits that they can get English laborers cheaper, or they would not import them. It also admits that they are not only cheaper per day but cheaper per piece. or else why would the manufacturers want them? Your intimation that I am working in the interest of the manufacturers is not well founded. It is, in fact, not true, except in so far as our interests are identical. The organization I suggest is to prevent these manufacturers from importing cheap laborers and to keep such persons as you from importing the products of cheap labor. I am working for the elevation of the workingmen and for bettering their condition. The fact that my plan would benefit others than wage earners is all the stronger argument in its favor. I have nothing but contempt for these little fellows who go around condemning prosperity, thrift, and the powers of acquisition. I like to see everyone prospering. The fact that some are becoming rich is an encouragement for others to try. Abraham Lincoln, in 1864, said: 'That some may be rich shows that others may become rich, and hence is just encouragement to industry and enterprise. Let him not who is houseless pull down the house of another, but let him labor diligently and build one for himself, thus by example assuring that his own shall be safe from violence when built.' "

Poor here stated that he would now proceed to organize a club for the protection of the working people. The object of the club was briefly stated in the paper which he asked them to sign. It was as follows:

"We, the undersigned, agree to work for the interest of American labor and American industries in the following ways:

"First. We will buy no goods made in foreign lands if they could be made in America.

"Second. We will patronize no merchant who handles foreign-made goods that could be made by our own people.

"Third. We will vote for no man for office who is not in favor of preventing pauper immigration, and who is not in favor of prohibiting the importation of all products of foreign labor which would compete with the products of American labor."

After Poor read this to the audience he asked all who were in favor of organizing a club on these principles to come forward and sign the paper, thereby enrolling themselves as members. The crowd rushed forward to sign the paper and shake Poor's hand. Every person present except W—— and Fogg signed the paper. The meeting then adjourned. All who heard the lecture pronounced it one of the most practical talks they ever listened to.

When Jones stopped reading there was a very marked sensation among his auditors.

As he sat down Vance rose to his feet and said: "Friends and neighbors, I came here to-night to learn things, not to listen, and while listening, keep thinking up things to answer with. Mr. Jones has thrown a vivid light on some things which I never saw plainly before. He has not got quite through with the statement. I notice there are a few more pages, and if you people will not mind I will read them to you myself."

Old Squire Brown rose and said: "I am glad to hear such frank remarks from neighbor Vance. Sometimes those who hold different ideas will not listen to reason or be convinced. He shows an earnest desire to get at the underlying basic principles. If all our friends will be equally frank and sincere, this campaign will settle for once and all for this generation what we need to have done. Go ahead, Mr. Vance."

UNITED ACTION NEEDED.

This is what Vance said:

"Poor. Each individual interest would be injured if not ruined by free trade. And you go over the country advising the people to strike down each other's industry. You advise the stockmen to destroy the fruit business, the tobacco raisers to destroy the stock business and the stockmen to destroy the tobacco industry. You go to the agriculturists, as a class, and advise them to destroy the manufacturing industries and reduce the wages of the laboring men. You then go to the non-producers, the capitalists and moneyed men, the manufacturers and wage earners, and explain to them how much cheaper they could get their food products by removing the duty and letting them in free. You incite the farmers against the wage earners and try to get one to strike down the income and profits of the other. You are always trying to pick a quarrel, and are continually stirring up strife among the various industries of the country. Then you go around to each one separately and pretend to be his friend and want him to help you tear down everybody else. 'Oh, ye backbiters!' Why do you not be magnanimous and respect the efforts and enterprise of the toiling millions? Why do you not say to the people engaged in each industry that they must do nothing to lessen the profits of their fellow-workmen in other industries? Upon the success of others depends your success. It is only by the producers standing together as a body that they can hold their own against the greed and avarice of the times.

"The man who will advise one part of the producers to work against another part is not only an enemy to the producing element of our country, but an enemy to the moral, intellectual and financial advancement which should characterize this people.

WHEN WAGE EARNERS CAN BUY.

"The wage earners, with their families,' continued Poor, "constitute about one-third of our population. They consume about one-third of the farm products. Now, if you reduce their income one-half they would only have half as much money to spend upon farm produce. They must then do one of two things: they must buy farm produce cheaper, or they must buy only half as much as heretofore. They cannot well live on half as much as they have been accustomed to, but would be compelled to do so unless they could buy it cheaper. Should the farmers refuse to reduce the price of their produce, it would entail hardships and suffering upon the wage earners and their families, which I am sure you do not want to see. The wage earners consume about one-half what the farmers sell. If their incomes are decreased to such an extent that they can buy only as much farm produce as formerly the farmers would have a large surplus of such products left on their hands. What would the farmers do with that surplus? The wealthy class buy all they need at present, and would buy no more if the farmers had ever so large a surplus. The foreign markets are fully supplied and they could find no market there. Then, on the other hand, if you should sell the wage earners your farm products 50 per cent. cheaper than you have been selling them, you would have to sell the wealthy class their part at the same price. Every reduction in wages, you see, must be followed by a corresponding reduction in the price of farm produce.

"Let me illustrate to you how that works. Suppose A, B and C to be a manufacturer, stockman and farmer, respectively. B has 10,000 sheep from which he gets 50,000 pounds of wool which he sells A at 20 cents per pound, or $10,000 for all. The increase of the flock we will suppose is worth $20,000 annually, making his total annual income $30,000. Then, to feed his flock will require 10 bushels of corn per head, or 100,000 bushels annually. C has 2500 acres of land from which he raises 100,000 bushels of corn. He sells this to B at 20 cents a bushel, or $25,000. C employs 65 laborers on his farm, paying them annually $350 each, or $22,850 to all. Now, we will supose the manufacturer can buy Australian wool at 10 cents per pound. B must sell his at that price. Then, instead of getting $10,000 for his wool he will only get $5000. Since wool has depreciated 50 per cent. sheep must have depreciated the same. B's income will be reduced to $15,000 instead of $30,000, and he can therefore pay only half as much for corn. The farmer can only get 12½ cents for corn, which would make his annual income $12,500 instead of $25,000. The farmer could not afford to pay the laborers more than half as much as formerly, so their income would be reduced from $22,850 to $11,425. Whenever you reduce the income of any class of people the blight is carried to all business enterprises, and they all share equally in the loss.

WHAT ARE RAW MATERIALS?

"Raw materials," said Poor, "is an indefinite expression. There is very little raw material, in one sense of the term. In fact, nothing is absolutely raw material except the mineral and ore lying in the ground untouched and those things which have not been enhanced in value by labor. Cotton is the finished product of the farm and the raw material of the manufacturer. Cloth is the finished product of the factory and the raw material of the tailor shops. As the term is generally used, I think I understand your meaning. I believe it is generally understood to include all products in the condition to be taken to the factory for fabrication or completion into a useful commodity. With that understanding of the meaning of raw materials, I will say that to admit them free would have the same effect as admitting all articles free. You have heard it said that free raw materials would give more work to our workingmen. If the raw materials were brought in from other countries, the labor of producing them, at least, would be taken from our laborers. Our manufacturers in 1890 used over $5,000,000,000 worth of materials. The factories turned out over $9,000,000,000 worth of finished products. Over half of the cost of our manufactures, then, is for raw materials. These raw materials represent labor, and our workingmen get more for the raw materials than they do for making those materials into the finished products. It requires more men to produce them, too, than it does to make the materials and make the manufactured article. To take the production of raw materials from our people would work a greater injury to labor and affect adversely more people than it would to take from them the fabrication of those materials into the finished articles. The men who are at work producing them are just as deserving of protection as any other part of the people. If you throw out of employment the millions engaged in producing raw materials, they will seek the factories for employment, which will bring about a deficiency of work and a surplus of workers. This would reduce all wages. You cannot throw out of employment a large body of wage earners nor reduce their wages without affecting all wage earners adversely. Wages seek a level as naturally as water. You had just as well try to lower the water in one-half of Lake Michigan without lowering it in the other half as to try to lower the wages of one-half of the wage earners without lowering the wages of all, or to try to lessen the income of a large part of the producers without lessening the income of all producers correspondingly.

CUT THINGS IN TWO.

"If you can succeed in persuading the farmers to cut wages in two you can then very easily persuade the wage earners to cut the price of farm products in two. The free trader would stand back and witness such a slaughter no doubt with a feeling of gratification and pleasure.

"Then, again, what would be gained by free raw materials? After paying the money for producing them to peoples of other countries what would we gain and what compensation could we offer to the wage earners of our own country? It is claimed that free raw material would enable us to sell our manufactures in other countries. How it would help us in that direction is one of the unsolved mysteries. It is one of the absurdities peculiar to a free-trade discussion. Suppose, for instance, that we let raw materials in free and our manufacturers can buy them as cheap as the English manufacturer can. Our manufacturer buys some raw material. An English manufacturer buys the same amount. Each buys in the open markets of the world and pays exactly the same price. The Englishman makes of his material a certain kind of manufactures and pays for labor, say, $100,000. The American manufacturer makes exactly the same kind of commodities the Englishman made and pays for labor $177,000. Now, the American commodities have cost $77,000 more than the English commodities. The question that has always puzzled me is how the American manufacturer can send his goods to England or anywhere in the markets of the world and undersell the English manufacturer whose articles cost so much less for labor. This, I say, is one of the unsolved mysteries. There is only one way for our manufacturers to go into the markets of the world and sell their wares and merchandise. That is for them to pay less for labor than the manufacturers of the rest of the world pay. If you workingmen are anxious for your labor to sell in competition with other labor, reduce your wages about 60 per cent. and try the experiment awhile to see if you like it. If you do not like it, increase your wages and sell your labor in the American market, and have a law to prevent foreign laborers from underselling you at your own home. See that your own wages are not reduced, and then see that all other laborers are employed at good wages. Then there would be no one to take your place. See that all producers are making profits, then observe the dollars now going abroad turning into the pockets of the needy. See the activity in every branch of business! See the quick, elastic step of our people supplanting the drowsiness and laggard movements of the present! See all men at work, business revived as never before, money carrying its loads of blessings into every home in the land, making happy hearts and cheerful faces, and showing its favor to the poor and needy instead of the rich and opulent!

QUESTIONS AND ANSWERS.

"Previous to 1873 we had the free and unlimited coinage of gold and silver at the ratio of 16 to 1, did we not?"

"Yes."

"In that last year, 1873, silver was worth 2 cents more on the dollar than gold?"

"That is what it was."

"Why did not the free coinage of the two metals hold them at a parity then if it would now?"

"Are not Mexico, Russia and Japan free-silver countries?"

"Yes."

"Is not the gold dollar in Mexico worth twice as much as the silver dollar, and is not the gold ruble of Russia worth 77 cents and the silver ruble worth 37 cents; and the gold yen in Japan worth 99.7 cents, while a silver yen is worth only 50 cents?"

"Those are facts."

"Then why is it that in no free-silver country on the face of the globe do they keep their gold and silver money of the same value, but leave it so speculators can manipulate it at pleasure and feast upon the people like vultures?"

"Give it up as a bad problem."

SILVER AND WAGES IN MEXICO.

Poor picked up the Bulletin of the Bureau of American Republics No. 9, 1891, and read as follows:

"One of the greatest evils (referring to Mexico) at the present time is the existence of a scale of wages which defies all power of reduction, which robs the laborers of all the sense of dignity or feeling of association with the rest of their fellow-citizens, and, having reduced them to a condition of abject abasement, deteriorates to like extent their productive power and the measure of their ability. They are content to regard themselves as a plant, or machinery which moves by extraneous aid only, and has no power of volition, and no desire to exercise it if it had. This is the condition prevailing in silver countries. It has, under the guise of increased wages, been gradually sapping the very energy and manhood out of the poor. Wages has been forced up 20 per cent. in the number of dollars received, but in the actual purchasing power they have decreased 40 per cent. The laborer would each day take less of the necessities of life to his little fireside, and the condition of his family gradually became more wretched. Every pay-day the dollar received was not quite as valuable as at the previous. The money sharks smiled at the way they were stealing from the families of the poor. They paid their workmen as many or more dollars; therefore, the laborer should be thankful for the money received."

"Suppose I should hire you to work for me," continued Poor. "I agree to pay you so much per month. I want to make a large profit out of your labor. I get the government to assist me in my scheme. The government puts metal of less value in the dollar each month and cheapens the money. I pay you in the cheapened money the same number of dollars I agreed to. You accept it and are satisfied, because it is the number of dollars you agreed to take. You wonder, though, why your wages do not buy any more. The trouble is I have been robbing you through the guise of law and have been assisted in my nefarious scheme by the government under which you live and for which you fight and, if necessary, give your life. That country is robbing you by forcing upon you a depreciated money. Would our great government to be a party to such infamy?

"No," continued Poor, "our great government would do nothing of the kind. It is founded upon justice and right and seeks to protect the weak from the strong. It says to the rich and wealthy: 'I will regulate the value of the money, and I will see that every dollar is just as valuable as every other dollar; and you shall not, under the guise of philanthropy, rob the poor and reduce their wages without their knowing it. You shall not pretend to be giving them more when the amount you are giving them is in fact worthless.' "

Vance's reading of Poor's remarks had occupied nearly half an hour, and at its close he seated himself with the air of one who has given his neighbors a deal of valuable information. That this opinion was shared by the audience was evidenced by the hearty vote of thanks which was extended to him, to Mr. Jones for bringing the paper, and to their far-away fellow-workman and producer, whose words had come to them that night with the conviction which plain, substantial facts, told in a matter-of-fact way, always bring to the practical mind.

Just before the meeting broke up Vance said (and it is to be hoped that all others of his manner of thinking will give the subject the same careful, painstaking study which he has given it, and that at least a large portion of them may see their way clear to reach a similar conclusion):

Mr. VANCE. I have been on the Populist band wagon for some five years. This is a selfish world, and up to a certain point we are all governed directly by motives of personal expediency. When war comes we have patriotic fervor and impulses, and, of course, we would all fight and spend our money freely for the maintenance of our common country. But so long as the country is not in immediate danger our acts and votes and our opinions are likely to be shaded in a great degree by what we fancy will be of personal benefit to us.

I owe $1,000 balance of purchase money on my farm—I have been owing it for fifteen years. I had got the idea that the $1,000 balance which was going to Widow Smith, from whom I purchased the place, was worth a good deal more than when I made the purchase. All that sort of argument has been fully disproven by what we learned during our three evenings, and to-night's experience has simply clinched that opinion.

We have discussed the alleged crime of 1873, and shown fully that it was a plain business proposition, which was fully discussed through five years of Congress and given entire publicity, and accepted as a matter of course as the then present condition, and as not subject to criticism.

In concluding I wish to say to my neighbors, and through them to all others, that whatever is right and just ought to prevail. We are a great nation, and to the peoples beyond the seas our civilization and civil liberty are a beacon, a watchword, and an inspiration to the toiling masses everywhere. Understanding this condition and appreciating our responsibility not only to ourselves but to all mankind, we must place the flag of our country and the honor and credit of our nation at the top of the mast and maintain American liberty, American labor and American honor untarnished.

Our laws afford the widest liberty and the greatest opportunity for honest toil. We must see to it that our labor and our products are protected, and at the same time we must firmly resolve to steadfastly maintain that the dollar of the workingman, the dollar of the farmer, the dollar of the merchant, and the dollar which comes into the pockets of every man, woman and child in all this mighty country is as good as the best—and good as the best not only for to-day, but for to-day one year, and five years; that it shall not be subject to discount, but that it shall pass current in every mart and for every purchase and for every payment where-ever our flag may wave.

There was loud and hearty applause when Vance, after making what was for him a very long speech, took his seat. For a moment each one was busy talking with his immediate neighbor, approving the general trend of Vance's remarks. A few rose to go; but at that moment they noticed the stocky, sturdy, well-built form of Burns moving toward the area in front of the rostrum, and evidently full of some remarks which he wished to deliver. In a moment he began nervously fingering his hatband

and explaining that he was more used to handling tools than pens, and more used to exercising the muscles of his arms and legs than his vocal organs. The following, in substance, is what he said:

Mr. Burns. I have been studying this whole problem for some months, and have looked at it from the standpoint of the man whose capital resides in the muscles of his arms and legs and back, in a good eyesight, in a reasonably clear head, and in the employment of all these adjutants in making for himself, in any branch of industry, a fair day's work. I feel that I can speak, not only for myself, but for all those who work by the day or the month or the year and whose capital is impaired when we are sick and whose interest ceases to run the day we are out of work. President Lincoln said once that you can fool all the people part of the time and a part of the people all of the time, but that you could not fool all the people all the time.

You remember back in the seventies that we had a greenback craze, and good men went wrong trying to make fiat money enrich everybody—trying, in fact, to hoist themselves over the fence by tugging at their boot straps. Some very good men went off on this greenback craze, but most of them who had plenty of gray matter sooner or later came back. I remember that all of the Democrats egged on the greenback proposition. They pointed it out to the workingmen as a sure way to universal wealth. But greenbackism is dead, dead as a coffin nail. The only trouble, however, is that from its ashes springs up another theory equally pestilent, equally harmful to all the people. From the ashes of greenbackism sprung the Democratic project of free trade in 1892 that was to make everything cheap to the laboring man and bring about the millennium. In 1896 we see the same old enemy—the devil with a different suit of clothes on, his horns covered up, his tail rolled carefully under his coat, and a new quadrennial smile on his face—blandly assuring the workingmen who stand idle with empty dinner pails before closed factories that it is all a mistake; that it was not free trade that did it; and that if it was he now has a new and improved and certain sure cure for this campaign—that is, free silver. I think if we are hoodwinked again we would deserve a modification of that famous remark of Lincoln's. We were fooled in 1892. It is well for us to resolutely set our faces against being fooled again in 1896.

The Democratic party seems to me to assume the guise of that scriptural wicked individual. He clamored for free trade four years ago. Now he points eagerly toward free and unlimited free coinage of silver at the ratio of 16 to 1. Possibly four years hence he may come up again smiling and demand a free and untrammeled entrance into his own dominions.

REPUBLICAN PLATFORM

AND

Chairman Thurston's Address

St. Louis Convention, June 18, 1896.

FROM THE REMARKS OF

HON. J. S. SHERMAN,

OF NEW YORK,

In the House of Representatives,

WASHINGTON, D. C.

From Congressional Record, June 30, 1896

REPUBLICAN PLATFORM.

The Republicans of the United States, assembled by their representatives in national convention, appealing for the popular and historical justification of their claims to the matchless achievements of the thirty years of Republican rule, earnestly and confidently address themselves to the awakened intelligence, experience, and conscience of their countrymen in the following declaration of facts and principles:

For the first time since the civil war the American people have witnessed the calamitous consequences of full and unrestricted Democratic control of the Government. It has been a record of unparalleled incapacity, dishonor, and disaster. In administrative management it has ruthlessly sacrificed indispensable revenue, entailed an unceasing deficit, eked out ordinary current expenses with borrowed money, piled up the public debt by $262,000,000 in time of peace, forced an adverse balance of trade, kept a perpetual menace hanging over the redemption fund, pawned American credit to alien syndicates, and reversed all the measures and results of successful Republican rule.

In the broad effect of its policy it has precipitated panic, blighted industry and trade with prolonged depression, closed factories, reduced work and wages, halted enterprise, and crippled American production, while stimulating foreign production for the American market. Every consideration of public safety and individual interest demands that the Government shall be rescued from the hands of those who have shown themselves incapable to conduct it without disaster at home and dishonor abroad, and shall be restored to the party which for thirty years administered it with unequaled success and prosperity, and in this connection we heartily indorse the wisdom, patriotism and the success of the Administration of President Harrison.

TARIFF.

We renew and emphasize our allegiance to the policy of protection as the bulwark of American industrial independence and the foundation of American development and prosperity. This true American policy taxes foreign products and encourages home industry; it puts the burden of revenue on foreign goods; it secures the American market for the American producer; it upholds the American standard of wages for the American workingman; it puts the factory by the side of the farm, and makes the American farmer less dependent on foreign demand and price; it diffuses general thrift, and founds the strength of all on the strength of each. In its reasonable application it is just, fair, and impartial; equally opposed to foreign control and domestic monopoly, to sectional discrimination and individual favoritism.

We denounce the present Democratic tariff as sectional, injurious to the public credit, and destructive to business enterprise. We demand such an equitable tariff on foreign imports which come into competition with American products as will not only furnish adequate revenue for the necessary expenses of the Government, but will protect American labor from degradation to the wage level of other lands. We are not pledged to any particular schedules. The question of rates is a practical question, to be governed by the conditions of the time and of production; the ruling and uncompromising principle is the protection and development of American labor and industry. The country demands a right settlement, and then it wants rest.

RECIPROCITY.

We believe the repeal of the reciprocity arrangements negotiated by the last Republican Administration was a national calamity, and we demand their renewal and extension on such terms as will equalize our trade with other nations, remove the restrictions which now obstruct the sale of American products in the ports of other countries, and secure enlarged markets for the products of our farms, forests and factories.

Protection and reciprocity are twin measures of Republican policy and go hand in hand. Democratic rule has recklessly struck down both, and both must be re-established. Protection for what we produce; free admission for the necessaries of life which we do not produce; reciprocity agreements of mutual interests which gain open markets for us in return for our open markets to others. Protection builds up domestic industry and trade, and secures our own market for ourselves; reciprocity builds up foreign trade and finds an outlet for our surplus.

SUGAR.

We condemn the present Administration for not keeping faith with the sugar producers of this country. The Republican party favors such protection as will lead to the production on American soil of all the sugar which the American people use, and for which they pay other countries more than $100,000,000 annually.

WOOL AND WOOLENS.

To all our products—to those of the mine and the fields as well as to those of the shop and the factory—to hemp, to wool, the product of the great industry of sheep husbandry, as well as to the finished woolens of the mills—we promise the most ample protection.

MERCHANT MARINE.

We favor restoring the American policy of discriminating duties for the upbuilding of our merchant marine and the protection of our shipping in the foreign carrying trade, so that American ships—the product of American labor, employed in American shipyards, sailing under the Stars and Stripes, and manned, officered and owned by Americans—may regain the carrying of our foreign commerce.

FINANCE.

The Republican party is unreservedly for sound money. It caused the enactment of the law providing for the resumption of specie payments in 1879; since then every dollar has been as good as gold.

We are unalterably opposed to every measure calculated to debase our currency or impair the credit of our country. We are, therefore, opposed to the free coinage of silver except by international agreement with the leading commercial nations of the world, which we

pledge ourselves to promote, and until such agreement can be obtained the existing gold standard must be preserved. All our silver and paper currency must be maintained at parity with gold, and we favor all measures designed to maintain inviolably the obligations of the United States and all our money, whether coin or paper, at the present standard, the standard of the most enlightened nations of the earth.

PENSIONS.

The veterans of the Union Army deserve and should receive fair treatment and generous recognition. Whenever practicable they should be given the preference in the matter of employment, and they are entitled to the enactment of such laws as are best calculated to secure the fulfillment of the pledges made to them in the dark days of the country's peril. We denounce the practice in the Pension Bureau, so recklessly and unjustly carried on by the present Administration, of reducing pensions and arbitrarily dropping names from the rolls as deserving the severest condemnation of the American people.

FOREIGN RELATIONS.

Our foreign policy should be at all times firm, vigorous and dignified, and all our interests in the Western Hemisphere carefully watched and guarded. The Hawaiian Islands should be controlled by the United States, and no foreign power should be permitted to interfere with them; the Nicaraguan Canal should be built, owned and operated by the United States; and by the purchase of the Danish Islands we should secure a proper and much-needed naval station in the West Indies.

ARMENIAN MASSACRES.

The massacres in Armenia have aroused the deep sympathy and just indignation of the American people, and we believe that the United States should exercise all the influence it can properly exert to bring these atrocities to an end. In Turkey American residents have been exposed to the gravest dangers and American property destroyed. There and everywhere American citizens and American property must be absolutely protected at all hazards and at any cost.

MONROE DOCTRINE.

We reassert the Monroe doctrine in its full extent, and we reaffirm the right of the United States to give the doctrine effect by responding to the appeal of any American State for friendly intervention in case of European encroachment. We have not interfered and shall not interfere with the existing possessions of any European power in this hemisphere, but these possessions must not on any pretext be extended.

We hopefully look forward to the eventual withdrawal of the European powers from this hemisphere, and to the ultimate union of all English-speaking parts of the continent by the free consent of its inhabitants.

CUBA.

From the hour of achieving their own independence the people of the United States have regarded with sympathy the struggles of other American people to free themselves from European domination. We watch with deep and abiding interest the heroic battle of the Cuban patriots against cruelty and oppression, and our best hopes go out for the full success of their determined contest for liberty.

The Government of Spain, having lost control of Cuba, and being unable to protect the property or lives of resident American citizens, or to comply with its treaty obligations, we believe that the Government of the United States should actively use its influence and good offices to restore peace and give independence to the island.

THE NAVY.

The peace and security of the Republic and the maintenance of its rightful influence among the nations of the earth demand a naval power commensurate with its position and responsibility. We therefore favor the continued enlargement of the Navy and a complete system of harbor and seacoast defenses.

FOREIGN IMMIGRATION.

For the protection of the quality of our American citizenship and of the wages of our workingmen against the fatal competition of low-priced labor, we demand that the immigration laws be thoroughly enforced, and so extended as to exclude from entrance to the United States those who can neither read nor write.

CIVIL SERVICE.

The civil-service law was placed on the statute book by the Republican party, which has always sustained it, and we renew our repeated declarations that it shall be thoroughly and honestly enforced and extended wherever practicable.

FREE BALLOT.

We demand that every citizen of the United States shall be allowed to cast one free and unrestricted ballot, and that such ballot shall be counted and returned as cast.

LYNCHINGS.

We proclaim our unqualified condemnation of the uncivilized and barbarous practice, well known as lynching or killing of human beings suspected or charged with crime, without process of law.

NATIONAL ARBITRATION.

We favor the creation of a national board of arbitration to settle and adjust differences which may arise between employers and employees engaged in interstate commerce.

HOMESTEADS.

We believe in an immediate return to the free-homestead policy of the Republican party, and urge the passage by Congress of a satisfactory free-homestead measure such as has already passed the House, and is now pending in the Senate.

TERRITORIES.

We favor the admission of the remaining Territories at the earliest practicable date, having due regard to the interests of the people of the Territories and of the United States. All the Federal officers appointed for the Territories should be selected from bona fide residents thereof, and the right of self-government should be accorded as far as practicable.

ALASKA.

We believe the citizens of Alaska should have representation in the Congress of the United States, to the end that needful legislation may be intelligently enacted.

TEMPERANCE.

We sympathize with all wise and legitimate efforts to lessen and prevent the evils of intemperance and promote morality.

RIGHTS OF WOMEN.

The Republican party is mindful of the rights and interests of women. Protection of American industries includes equal opportunities, equal pay for equal work, and protection to the home. We favor the admission of women to wider spheres of usefulness, and welcome their co-operation in rescuing the country from Democratic and Populist mismanagement and mis-rule.

Such are the principles and policies of the Republican party. By these principles we will abide and these policies we will put into execution. We ask for them the considerate judgment of the American people. Confident alike in the history of our great party and in the justice of our cause, we present our platform and our candidates in the full assurance that the election will bring victory to the Republican party and prosperity to the people of the United States.

CHAIRMAN THURSTON'S ADDRESS.

Gentlemen of the Convention: The happy memory of your kindness and confidence will abide in my grateful heart forever. My sole ambition is to meet your expectations, and I pledge myself to exercise the important powers of this high office with absolute justice and impartiality. I bespeak your cordial co-operation and support to the end that our proceedings may be orderly and dignified, as before this have been the deliberations of the supreme council of the Republican party.

Eight years ago I had the distinguished honor to preside over the convention which nominated the last Republican President of the United States. To-day I have the distinguished honor to preside over the convention which is to nominate the next President of the United States. This generation has had its object lesson and the doom of the Democratic party is already announced. The American people will return to the Republican party, because they know that its administration will mean—

The supremacy of the Constitution of the United States.

The maintenance of the law and order.

The protection of every American citizen in his right to live, labor, and to vote.

A vigorous foreign policy.

The enforcement of the Monroe doctrine.

The restoration of our merchant marine.

Safety under the Stars and Stripes on every sea, in every port.

A revenue adequate for all governmental expenditures and the gradual extinguishment of the national debt.

MEANS A SOUND CURRENCY.

A currency as sound as Government and as untarnished as its honor, whose dollars, whether of gold, paper, or silver, shall have equal purchasing and debt-paying power with the best dollars of the civilized world.

A protective tariff which protects, coupled with reciprocity which reciprocates, thereby securing the best markets for American products and opening of American factories to the free coinage of American muscle.

A pension policy just and generous to our living heroes and to the widows and orphans of their dead comrades.

The governmental supervision and control of transportation lines and rates.

The protection of the people from unlawful combination and unjust exaction of aggregated capital and corporated power.

An American welcome to every god-fearing, liberty-loving, Constitution respecting, law-abiding, labor-seeking, decent man.

The exclusion of all whose birth, whose blood, whose conditions, whose teachings, whose practices would menace the permanency of free institutions, endanger the safety of American society or lessen the opportunities of American labor.

The abolition of sectionalism—every star in the American flag shining for the honor and welfare and happiness of every Commonwealth and of all the people.

A deathless loyalty to all that is truly American and a patriotism eternal as the stars.

CULLOM ON SOUND MONEY.

HONEST COINAGE.

SPEECH

OF

HON. SHELBY M. CULLOM,

OF ILLINOIS,

In the Senate of the United States, Washington, D. C., June 1, 1896.

Mr. CULLOM said:

Mr. President: While I do not question the motive which prompted the introduction of the bill to prohibit the issuance of interest-bearing bonds, yet I must confess that I am surprised that, under the circumstances, it should receive serious favorable consideration in this body. No one on this floor deplores more than I do the issue of interest-bearing obligations by this Government in time of peace and the piling up of debt at the rate of $100,000,000 per year. But does any Senator imagine that the causes which made the issue of bonds necessary, and which may require further issues, can be removed by simply passing a bill prohibiting it? The consequences of the passage of the bill, if it shall become a law, to my mind, are so far-reaching as to be simply appalling.

WANTING IN COMMON HONESTY.

Mr. President, in my opinion, it would be the undoing of all that has been accomplished and built up since the passage of the resumption act in 1875. It would mean the repudiation of our obligations. Its tendency would be to place this country at once upon a silver basis, whatever that may mean. It would seriously endanger every business concern in the country which has weathered thus far the terrible financial storm that has prevailed during the last three years. It would throw out of employment hundreds of thousands of laboring men and women who have begun to hope that the dawn of brighter days is at hand. It is wholly wanting in common honesty, and would forever be a blot upon the page of American history.

Mr. President, I agree with what the distinguished Senator from Ohio [Mr. Sherman] said a few days ago. I do not suppose any Senator believes this bill will become a law. The Executive should never be deprived of the power given him by the act of January 14, 1875, which authorized his Secretary of the Treasury to "issue, sell, and dispose of, at not less than par in coin, either of the descriptions of bonds of the United States described in the act of July 14, 1870," unless upon the passage of another act giving the President and Secretary power to maintain the reserve and also to borrow money to meet any emergency on better terms.

SHOULD GUARD AGAINST NATIONAL DISHONOR.

We have, during the present Administration, been confronted with an emergency which, in the judgment of the Executive, required the exercise of the authority vested in him by the act above quoted. And whatever money the President and the Secretary of the Treasury may have raised by the sale of bonds (whether judiciously raised or not) is not seriously claimed to have been unlawfully obtained. I have my own views as to the wisdom of the Executive action, but there is no doubt whatever of the lawful power of the President of the United States, with the Secretary of the Treasury, to sell or to provide for the sale of such evidences of indebtedness as they may deem necessary to effectuate the lawful policy of the Government. Mr. President, I shall be the last man to join in any trifling crusade against the official and personal integrity of the President. No Government should fail to guard against national dishonor. The United States cannot afford to permit such a condition of things as even to hazard or jeopardize its credit or its financial honor.

PROTECT THE NATIONAL HONOR.

General Grant, the great soldier and statesman, said in his first message, March 4, 1869:

> "To protect the national honor, every dollar of Government indebtedness should be paid in gold unless otherwise stipulated in the contract. That no repudiator of one farthing of our public debt will be trusted in public place."

Such has always been the spirit and determination of the people. It is now proposed by this bill to prohibit the President from borrowing a dollar, no matter what may happen or what calamity may come upon the country. It is not only wrong, but it is a crime against the honor, security, and prosperity of the nation. While the nation was struggling in civil war and groaning under the vast burdens of debt no word was ever officially uttered which had even the semblance of repudiation, and never was an attempt made to take away from the President the lawful power to make loans to protect the nation's credit. When General Grant uttered the words quoted gold was at a premium of 38 per cent., as compared with paper money, and the interest on Government bonds was 6 per cent. The total interest-bearing debt was then $2,162,000,000, but the policy of the nation was sound money, a protective tariff, and sufficient revenue. Under that policy the people prospered. We were not so great a nation then as we are now. Our population was about 38,000,000, as against 72,000,000 to-day. Then the value of our personal and real property was about $30,000,000,000. In value this has increased until it now approximates $70,000,000,000. The injunction is still as imperative to be honest and maintain our integrity and credit as it has even been.

But, Mr. President, it is not my purpose to discuss the bond bill at length, as it will not become a law. I desire to discuss briefly the financial or monetary question.

AN INTERNATIONAL AGREEMENT HOPED FOR.

The financial exigencies of this country and the necessary relationship which exists between the monetary systems of the United States and of the other civilized nations of the world have of late years given rise to the hope of an international agreement in regard to coinage and coin values. The money metals all over the world are gold and silver, and nearly all the civilized nations are producers, in a greater or less degree, of these metals. The commerce of the world, under the stimulating influences of steam transportation, electric communication, and other modern facilities, has been so modified in its character, and the conditions affecting it have so radically changed in a few years, that any intelligent consideration of the commercial problem must include new factors and new influences.

Our own territorial growth, unexampled as it has been, ought to demonstrate to us that other nations have grown, too. Our prosperity should remind us that other countries may prosper, too. What we, with our growth, intelligence, enterprise, and push, may have had yesterday is to-day possessed by Australia, India, Argentina, and even South Africa. Our Kansas City, Omaha, St. Paul, Minneapolis, Denver, and Leadville have their counterparts in Melbourne, Bombay, Buenos Ayres, Johannesburg, and Kimberley. The discovery of precious metals in California and Colorado was but a precursor of similar discoveries in localities but recently emerged from barbaric control in the South Sea Islands and in Africa.

VIGOROUS COMPETITORS OF THE UNITED STATES.

So to-day we find that these comparatively new colonies and countries are vigorous competitors of the United States not only in their agricultural productions, but in valuable mineral products as well. The competition which has already met our wheat growers, from the great new wheat fields of South America, as well as from Siberia and the Black Sea provinces of Russia, has made itself painfully felt. Our exports of domestic wheat (wheat and flour), which reached 225,000,000 bushels in 1892, have fallen off largely each year until in 1895 only 144,000,000 bushels were exported, thus showing a reduction of over 80,000,000 bushels in our annual wheat exports in a four-year period. The vast production of petroleum in southern Russia has operated very greatly to the disadvantage of American producers. The increased production and importation of foreign wool has caused a specific and unfavorable effect upon the wool producers of the United States.

TRADE RELATIONS ARE CONSTANTLY CHANGING.

I cite these examples merely to show the extensive and constantly changing relations between distant countries, and the consequent changes in their trade and in their staple and important products. Commerce in the leading productions of these countries instantly responds to these variations and fluctuations, and is injured or benefited as the case may be. The laws of coinage in Australia or in Russia, or the extension or limitation of gold or silver circulation in other remote countries, may have either a beneficial or an injurious effect upon the most important commercial interests of the United States.

RULE OR RUIN OF COMMERCE.

I do not propose to take the time necessary to detail how certainly and how absolutely these distant and apparently distinct influences may rule or ruin the commerce of the United States. But I shall assume without question that the important interests of the world's trade and of international commerce are so affected by the operation of distant and distinct governmental policies that the necessity already exists for a harmonious international arrangement in monetary affairs. The world's production of precious metals and the world's coinage of the same have become important integers which cannot be overlooked in any study or discussion of the economic conditions surrounding any country of the world. Even now we cannot say that the stoppage or the increase of the metallic circulation in any one of the smaller nations may not, or will not, affect for good or bad the mercantile interests of the United States.

VASTLY INCREASED PRODUCTION OF SILVER.

The phenomenal fact that the world's production of silver, which had remained about stationary at thirty or forty million dollars annually for nearly a century, has of late vastly increased—and last year reached the wondrous sum of two hundred and sixteen millions—must necessarily produce some signal effects upon the varied interests of the newer commercial world which it would be mere presumption now to predict. But it does seem to me that the only competent authority to consider the grave conditions newly created by reason of this phenomenal addition to the world's silver supply must be composed of representatives of the nations of the world. No one nation can determine the policy which shall be adopted by all, or for itself, without considering the policy of the others. There have been several monetary commissions created, and monetary conferences charged with the duty of arranging proper regulations to meet the exigencies existing at the various times in which they were called together.

TIME FOR AN INTERNATIONAL AGREEMENT.

But the present seems to be the most appropriate time to press to a conclusion and to an ultimate agreement between the great commercial and monetary nations the decision as to the wisest ratio between gold and silver to be made universal over the world. The reason for this urgency at the present time is the fact I have recited of the enormous production of silver which is forcing its way into the world's supply. Trade relations, as well as the conditions of domestic or internal trade, have been rudely interfered with by the injection into the supply of visible coinage material of two hundred and sixteen millions of silver per year. If this new average of supply shall become constant, or even continue for merely a few years, it must be provided for and looked after.

PRODUCTION OF GOLD AND SILVER.

To illustrate the existing conditions, I will here present in tabular form some facts regarding the production of gold and silver in the world. First, a table showing the production of gold and silver in the world from 1873 to 1894, inclusive; second, a table showing the amount of gold and silver annually coined in the world during the same period; third, a table showing the product of gold and silver in the United States from 1845 to 1894; fourth, a table showing the coinage of the United States mints from 1841 to 1895; and fifth, a table showing the amount of money in the United States—gold, silver, notes, etc.—and the circulation per capita annually from 1872 to 1895, inclusive:

Production of gold and silver in the world for the calendar years 1873–1894.

Year.	Gold.		Silver.		
	Fine ounces.	Value.	Fine ounces.	Commercial value.	Coining value
1873.....	4,653,675	$96,200,000	63,267,187	$82,120,800	$81,800,000
1874.....	4,390,031	90,750,000	55,300,781	70,674,400	71,500,000
1875.....	4,716,563	97,500,000	62,261,719	77,578,100	80,500,000
1876.....	5,016,488	103,700,000	67,753,125	78,322,600	87,600,000
1877.....	5,512,196	113,947,200	62,679,916	75,278,600	81,040,700
1878.....	5,761,114	119,092,800	73,385,451	84,540,000	94,882,200
1879.....	5,262,174	108,778,800	74,383,495	83,532,700	96,172,600
1880.....	5,148,880	106,436,800	74,795,273	85,640,600	96,705,000
1881.....	4,983,742	103,023,100	79,020,872	89,925,700	102,168,400
1882.....	4,934,086	101,996,600	86,472,091	98,232,300	111,802,300
1883.....	4,614,588	95,392,000	89,175,023	98,984,300	115,297,000
1884.....	4,921,169	101,729,600	81,567,801	90,785,000	105,461,400
1885.....	5,245,572	108,435,600	91,609,959	97,518,800	118,445,200
1886.....	5,135,679	106,163,990	93,297,290	92,793,500	120,626,800
1887.....	5,116,861	105,774,900	96,123,586	94,031,000	124,281,000
1888.....	5,330,775	110,196,900	108,827,606	102,185,900	140,706,400
1889.....	5,973,790	123,489,200	120,213,611	112,414,100	155,427,700
1890.....	5,749,306	118,848,700	126,095,062	131,937,000	163,032,000
1891.....	6,320,194	130,650,000	137,170,919	135,500,200	177,352,300
1892.....	7,102,180	146,815,100	153,151,762	133,404,400	198,014,400
1893.....	7,608,787	157,287,600	166,092,047	129,551,800	214,745,300
1894.....	8,737,788	180,626,100	167,752,561	106,522,900	216,892,200
Total..	122,235,638	2,526,834,900	2,130,397,137	2,151,474,700	2,754,452,900

COINAGE OF THE WORLD FOR 22 YEARS.

Coinage of gold and silver of the mints of the world for the calendar years 1873–1894.

Calendar year.	Gold.		Silver.	
	Fine ounces.	Value.	Fine ounces.	Coining value.
1873	12,462,890	$257,630,802	101,741,421	$131,544,464
1874	6,568,279	135,778,387	79,610,875	102,931,232
1875	9,480,892	195,987,428	92,747,118	119,915,467
1876	10,309,645	213,119,278	97,899,525	126,577,164
1877	9,753,196	201,616,466	88,449,796	114,359,332
1878	9,113,202	188,386,611	124,671,870	161,191,913
1879	4,390,167	90,752,811	81,124,555	104,888,313
1880	7,242,951	149,725,081	65,442,074	84,611,974
1881	7,111,864	147,015,275	83,539,051	108,010,086
1882	4,822,851	99,697,170	85,685,996	110,785,934
1883	5,071,882	104,845,114	84,541,904	109,306,705
1884	4,810,061	99,432,795	74,120,127	95,832,084
1885	4,632,273	95,757,582	98,044,475	126,764,574
1886	4,578,310	94,642,070	96,566,844	124,854,101
1887	6,046,510	124,992,465	126,388,502	163,411,397
1888	6,522,346	134,828,855	104,354,000	134,922,344
1889	8,170,611	168,901,519	107,788,256	139,362,595
1890	7,219,725	149,244,965	117,789,228	152,293,144
1891	5,782,463	119,534,122	106,962,049	138,294,367
1892	8,343,387	172,473,124	120,282,947	155,517,347
1893	11,243,342	232,420,517	106,697,783	137,952,690
1894	11,025,680	227,921,032	87,472,523	113,095,788
Total	164,702,527	$3,404,703,469	2,131,920,919	$2,756,423,015

INCREASE OF AMERICAN PRODUCTION.

Product of gold and silver from mines in the United States, 1845 *to* 1894.

Calendar year.	Gold.		Silver.		
	Fine ounces.	Value.	Fine ounces.	Commercial value.	Coining value.
1845	48,778	$1,008,327	38,672	$50,196	$50,000
1846	55,116	1,139,357	38,672	50,274	50,000
1847	43,009	889,085	38,672	50,583	50,000
1848	483,750	10,000,000	38,672	50,428	50,000
1849	1,935,000	40,000,000	38,672	50,622	50,000
1850	2,418,750	50,000,000	38,672	50,892	50,000
1851	2,660,625	55,000,000	38,672	51,704	50,000
1852	2,902,500	60,000,000	38,672	51,279	50,000
1853	3,144,375	65,000,000	38,672	52,130	50,000
1854	2,902,500	60,000,000	38,672	52,130	50,000
1855	2,660,625	55,000,000	38,672	51,985	50,000
1856	2,660,625	55,000,000	38,672	51,985	50,000
1857	2,660,625	55,000,000	38,672	52,333	50,000
1858	2,419,000	50,000,000	386,720	519,752	500,000
1859	2,419,000	50,000,000	77,344	105,188	100,000
1860	2,225,250	46,000,000	116,016	156,832	150,000
1861	2,080,125	43,000,000	1,547,000	2,062,151	2,000,000
1862	1,896,300	39,200,000	3,480,000	4,683,880	4,500,000
1863	1,935,000	40,000,000	6,574,220	8,842,326	8,500,000
1864	2,230,100	46,100,000	8,510,000	11,445,950	11,000,000
1865	2,574,759	53,225,000	8,701,200	11,642,206	11,250,000
1866	2,588,062	53,500,000	7,734,400	10,356,362	10,000,000
1867	2,502,197	51,725,000	10,441,000	13,865,648	13.500,000
1868	2,322,000	48,000,000	9,281,250	12,306,938	12,000,000
1869	2,370,375	49,500,000	9,281,250	12,297,656	12,000,000
1870	2,418,750	50,000,000	13,000,000	17,264,000	16,000,000
1871	2,104,300	43,500,000	17,789,000	23,588,214	23,000,000
1872	1,741,500	36,000,000	22,244,100	29,406.700	28,750,000
1873	1,741,500	36,000,000	27,650,000	35,750,000	35,750,000
1874	1,620,563	33,500,000	28,849,000	36,869,000	37,300,000
1875	1,615,725	33,400,000	24,518,000	30,549,000	31,700,000
1876	1,930,162	39,900,000	30,009,000	34,690,000	38,800,000

Product of gold and silver from mines in United States, 1845 *to* 1894.—Cont'd.

Calendar Year.	Gold.		Silver.		
	Fine ounces.	Value.	Fine ounces.	Commercial Value.	Coining Value.
1877	2,268,788	$46,900,000	30,783,000	$36,970,000	$39,800,000
1878	2,476,800	51,200,000	34,960,000	40,270,000	45,200,000
1879	1,881,787	38,900,000	31,550,000	35,430,000	40,800,000
1880	1,741,500	36,000,000	30,320,000	34,720,000	39,200,000
1881	1,678,612	34,700,000	33,260,000	37,850,000	43,000,000
1882	1,572,187	32,500,000	36,200,000	41,120,000	46,800,000
1883	1,451,250	30,000,000	35,730,000	39,660,000	46,200,000
1884	1,489,950	30,800,000	37,800,000	42,070,000	48,800,000
1885	1,538,325	31,800,000	39,910,000	42,500,000	51,600,000
1886	1,693,125	35,000,000	39,440,000	39,230,000	51,000,000
1887	1,596,375	33,000,000	41,200,000	40,410,000	53,350,000
1888	1,604,841	33,175,000	45,780,000	43,020,000	59,195,000
1889	1,587,000	32,800,000	50,000,000	46,750,000	64,646,000
1890	1,588,880	32,845,000	54,500,000	57,225,000	70,465,000
1891	1,604,840	33,175,000	58,330,000	57,630,000	75,417,000
1892	1,596,375	33,000,000	63,500,000	55,563,000	82,101,000
1893	1,739,323	35,955,000	60,000,000	46,800,000	77,576,000
1894	1,910,813	39,500,000	49,500,000	31,422,000	64,000,000

HOW MUCH WE HAVE COINED.

Coinage of the United States mints from 1841 *to* 1895.

[From the Report of the Director of the Mint.]

Calendar Year.	Total Coinage.			
	Gold.	Silver.	Minor.	Total.
1841	$1,091,857.50	$1,132,750.00	$15,973.67	$2,240,581.17
1842	1,829,407.50	2,332,750.00	23,833.90	4,185,991.40
1843	8,108,797.50	3,834,750.00	24,283.20	11,967,830.70
1844	5,427,670.00	2,235,550.00	23,987.52	7,687,207.52
1845	3,756,447.50	1,873,200.00	38,948.04	5,668,595.54
1846	4,034,177.50	2,558,580.00	41,208.00	6,633,965.50
1847	20,202,325.00	2,374,450.00	61,836.69	22,638,611.69
1848	3,775,512.50	2,040,050.00	64,157.99	5,879,720.49
1849	9,007,761.50	2,114,950.00	41,984.32	11,164,695.82
1850	31,981,738.50	1,866,100.00	44,467.50	33,892,306.00
1851	62,614,492.50	774,397.00	99,635.43	63,488,524.93
1852	56,846,187.50	999,410.00	50,630.94	57,896,228.44
1853	39,377,909.00	9,077,571.00	67,059.78	48,522,539.78
1854	25,915,962.50	8,619,270.00	42,638.35	34,577,870.85
1855	29,387,968.00	3,501,245.00	16,030.79	32,905,243.79
1856	36,857,768.50	5,142,240.00	27,106.78	42,027,115.28
1857	32,214,040.00	5,478,760.00	178,010.46	37,870,810.46
1858	22,938,413.50	8,495,370.00	246,000.00	31,679,783.50
1859	14,780,570.00	3,284,450.00	364,000.00	18,429,020.00
1860	23,473,654.00	2,259,390.00	205,660.00	25,938,704.00
1861	83,395,530.00	3,783,740.00	101,000.00	87,280,270.00
1862	20,875,997.50	1,252,516.50	280,750.00	22,409,264.00
1863	22,445,482.00	809,267.80	498,400.00	23,753,149.80
1864	20,081,415.00	609,917.10	926,687.14	21,618,019.24
1865	28,295,107.50	691,005.00	968,552.86	29,954,665.36
1866	31,435,945.00	982,409.25	1,042,960.00	33,461,314.25
1867	23,828,625.00	908,876.25	1,819,910.00	26,557,411.25
1868	19,371,387.50	1,074,343.00	1,697,150.00	22,142,880.50
1869	17,582,987.50	1,266,143.00	963,000.00	19,812,130.50
1870	23,198,787.50	1,378,255.50	350,325.00	24,927,368.00
1871	21,032,685.00	3,104,038.30	99,890.00	24,236,613.30
1872	21,812,645.00	2,504,488.50	369,380.00	24,686,513.50
1873	57,022,747.50	4,024,747.60	379,455.00	61,426,950.10
1874	35,254,630.00	6,851,776.70	342,475.00	42,448,881.70
1875	32,951,940.00	15,347,893.00	246,970.00	48,546,803.00
1876	46,579,452.50	24,503,307.50	210,800.00	71,293,560.00
1877	43,999,864.00	28,393,045.50	8,525.00	72,401,434.50
1878	**49,786,052.00**	**28,518,850.00**	**58,186.50**	**78,363,088.50**

Coinage of the United States mints from 1841 *to* 1895—Continued.

Calendar year.	Total Coinage.			
	Gold.	Silver.	Minor.	Total.
1879	$39,080,080.00	$27,569,776.00	$165,003.00	$66,814,859.00
1880	62,308,279.00	27,411,693.75	391,395.95	90,111.368.70
1881	96,850,890.00	27,940,163.75	428,151.75	125,219,205.50
1882	65,887,685.00	27,973,132.00	960,400.00	94,821,217.00
1883	29,241,990.00	29,246,968.45	1,604,770.41	60,093,728.86
1884	23,991,756.50	28,534,866.15	796,483.78	53,323,106.43
1885	27,773,012.50	28,962,176.20	191,622.04	56,926,810.74
1886	28,945,542.00	32,086,709.90	343,186.10	61,375,438.00
1887	23,972,383.00	35,191,081.40	1,215,686.26	60,379,150.66
1888	31,380,808.00	33,025,606.45	912,200.78	65,318,615.23
1889	21,413,931.00	35,496,683.15	1,283,408.49	58,194,022.64
1890	20,467,182.50	39,202,908.20	1,384,792.14	61,054,882.84
1891	29,222,005.00	27,518,856.60	1,312,441.00	58,053,302.60
1892	34,787,222.50	12,641,078.00	961,480.42	48,389,780.92
1893	56,997,020.00	8,802,797.30	1,134,931.70	66,934,749.00
1894	79,546,160.00	9,200,350.85	438,177.92	89,184,688.77
1895	59,616,357.50	5,698,010.25	882,430.56	66,196,798.31

Gold and silver, United States notes, etc., in United States Treasury and in circulation, from 1872 *to* 1895, *inclusive.*

July 1—	In Treasury.		Circulation.				Population June 1.
	Money.	Certificates.	Money.	Certificates.	Total.	Per capita.	
1872	$24,412,016	....	$738,309,549	....	$738,309,549	$18.19	40,596,000
1873	64,078,801	$215,000	720,366,809	31,515,000	751,881,809	18.04	41,677,000
1874	87,941,750	755,000	718,083,031	58,000,000	776,083,031	18.13	42,796,000
1875	102,141,562	445,000	696,131,947	57,970,000	754,101,947	17.16	43,951,000
1876	95,638,896	275,000	695,044,388	32,565,000	727,609,388	16.12	45,137,000
1877	94,563,964	1,135,000	668,489.883	53,825,000	722,314,883	15.58	46,353,000
1878	106,910,422	2,025,520	682,880,554	46,252,080	729,132,634	15.32	47,598,000
1879	260,058,398	3,636,350	773,582,493	45,049,300	818,631,793	16.75	48,866,000
1880	240,156,568	6,985,401	945,393,759	27,988,469	973,382,228	19.41	50,155,783
1881	291,874,503	12,354,201	1,057,717,870	56,520,249	1,114,238,119	21.71	51,316,000
1882	307,887,580	11,673,720	1,101,510,309	72,780,110	1,174,290,419	22.37	52,495,000
1883	387,676,705	38,883,415	1,084,817,640	145,488,056	1,230,305,696	22.91	53,693,000
1884	423,087,520	50,825,700	1,064,162,318	179,763,651	1,243,925,969	22.65	54,911,000
1885	502,710,611	52,164,110	1,034,722,939	257,845,676	1,292,568,615	23.02	56,148,000
1886	491,117,849	83,241,320	1,070,289,925	182,410,600	1,252,700,525	21.82	57,404,000
1887	557,987,016	33,996,513	1,075,425,689	242,113,454	1,317,539,143	22.45	58,680,000
1888	655,789,464	49,910,615	1,035,601,563	336,519,307	1,372,170,870	22.88	59,974,000
1889	669,551,558	42,632,504	989,120,855	391,240,794	1,380,361,649	22.52	61,289,000
1890	696,649,256	31,215,633	988.974,173	440,277,097	1,429,251,270	22.82	62,622,250
1891	679,755,789	41,807,579	1,048,266,672	449,174,035	1,497,440,707	23.41	64,002.000
1892	760,211,165	21,041,149	1,103,720,103	497,627,084	1,601,347,187	24.44	65,403,000
1893	720,478,491	6,222,656	1,165,520,208	431,181,037	1,596,701,245	23.87	66,826,000
1894	749,120,255	10,505,818	1,208,543,123	452,265,585	1,660,808,708	24.33	68,275,000
1895	786,928,734	9,710,213	1,178,519,223	423,449,250	1,601,968,473	22.97	69,753,000

It may be claimed that there is apparently no immediate prospect of an international agreement. That may be true, but it is likewise true that the tremendous increase in silver production everywhere has only recently begun to be noticed and its new relation to be understood. Who would have supposed in 1865-66, when the world was moving along quietly and with apparent regularity, and had been for many years producing perhaps forty millions of silver per year, that the world should to-day be piling up five times that amount?

DECLINE IN VALUE BECAUSE OF INCREASED SUPPLY.

Who could have supposed that in six years, from 1888 to 1894, the world should have increased its already enormous production of one hundred and eighteen millions to two hundred and sixteen millions of silver in a single year? No economist ever imagined such a condition. It was wholly unprecedented; yet judging by the more recent yield, it is possibly only the stepping-stone to the yield of coming years. When the fact is understood that we are possibly to have a constant and increasing addition to the world's silver, without any similarly increasing demand for it, either as money or as a commodity, it is apparent that its value has become and must continue subject to the inflexible laws of trade, like any other commodity. It must decline in market value under such increased supply. Its quotations must fluctuate with the fluctuations of supply and demand like coal, like iron, and other products. Upon no consistent basis can any fixed ratio be established by the United States alone between silver and gold under such circumstances.

WORLD'S RATIOS AND VALUES.

The ratio in 1873 was 16 to 1; in 1893 it was 32 to 1. In 1873 it required 16 ounces of silver to purchase 1 of gold. In 1893 it required 32 ounces of silver to buy the same ounce of gold. These are not merely the prices and ratios of the United States, but they are the world's ratios and the world's values. The United States did not establish them, and who will contend that the United States can change them, except in a slight degree? Suppose for a moment that free and unlimited coinage of silver in the United States had continued from 1873 down to the present. What now would be the situation? The United States have coined in the twenty-one years following 1873, and including that year, approximately, five hundred and twenty millions of silver. According to the contention of the silver producers, if the coinage had been free during this period we ought to have coined more than double this sum, or perhaps one thousand to twelve hundred millions of dollars. But with only the five hundred millions coined we find the value has declined so that a dollar is intrinsically worth about 50 cents. What would have been the depreciation if the coinage had been so doubled? No man can tell; but would it be unreasonable to suppose that the silver dollar would have been worth no more than 35 to 40 cents? Probably not. But, say our friends, the coinage of it into standard dollars would have fixed its value. The coinage of silver or gold or the stamping of paper may declare its nominal value, but that does not establish its intrinsic value if the world does not recognize it or if commerce will not have it so. Mexican dollars and the coins of many other countries have time out of mind been used in the traffic and transactions of other nations, but they have almost always been treated as a mere commodity, worth just so much as commerce had determined, and were shoveled or weighed or counted out at their commercial worth only.

LAWS CONCERNING MONEY VALUES.

The great and omnipotent commercial public of the world makes its own laws concerning money values and determines for itself what is a just standard or measure of value, regardless of the dictum of any political congress or parliament. In view of the immense addition to the silver output to which I have called attention, and of the disturbing influence which such addition necessarily causes, I feel sure that the great commercial nations will be compelled to devise means to adjust our monetary relations so as to be just alike to the producers of silver and to determine a proper ratio by which all shall abide.

But let no man flatter himself that a determination of the great economic problem will ever be arrived at under the teachings of the empirics who vie with each other in the effort by legislation to put the dollar stamp on a half-dollar's worth of silver in any single country.

CAN DO BETTER THAN EXPLOIT INTANGIBLE THEORIES.

In our local and municipal conventions, in the political caucuses, and on the partisan platform we see men settling this great question by insisting that the United States shall adopt free coinage regardless of the course of other nations.

The supply of silver in the world and the commercial demand for silver being what determines its value practically, it is only just that all commercial nations shall participate in establishing an international ratio, giving silver an international value equivalent to and interchangeable for a certain amount of gold between all concurring nations. If we shall devote our surplus eloquence and overflowing patriotism to securing that result we shall do far better than in exploiting intangible theories.

HISTORY OF INTERNATIONAL CONFERENCES.

Let us look a little into the history of the several international monetary conferences. The first one met at Paris, June 17, 1867. It was called by the invitation of the French Government. The United States of America and 18 of the European countries participated. They were unanimous in expression against a single silver standard, and with the exception of the Netherlands, were unanimous in favor of a single gold standard. I may say, in passing, that very many of the countries engaged in the conference have had the silver standard. None of the countries participating took action toward establishing the suggestions of the commission, and although the French Government was given the power to reassemble the conference, it never exercised that power.

The second international monetary conference was called by the President of the United States in accordance with an act of Congress of February 28, 1878, and met at Paris, August 17, 1878. Twelve countries were represented, the United States representatives being Reuben E. Fenton, of New York; W. S. Groesbeck, of Ohio; Francis A. Walker, of Connecticut, and S. Dana Horton. The substance of the opinions of the members was: First, that the monetary function of silver as well as of gold should be preserved in the world, but that the choice of one or both should be governed by the special situation of each group of states; second, that the restriction of silver coinage should be discretionary with each state or group; third, that existing differences of opinion prevented the adoption of a common ratio between the two metals. The conference adjourned August 29.

The third international monetary conference was called in 1881 by the joint action of France and the United States to establish a system for the use of silver and gold as bimetallic money, with a relative settled value between the two metals. Thirteen countries were represented. The United States representatives were William M. Evarts, of New York; Allen G. Thurman, of Ohio, and Timothy O. Howe, of Wisconsin. This conference closed by adjourning to April 12, 1882, but it was never reconvened.

CONCISE AND COMPREHENSIVE INSTRUCTIONS.

The fourth international monetary conference was called by the United States, and met at Brussels, November 22, 1892. The delegates from this country were William B. Allison, John P. Jones, James B. McCreary, Henry W. Cannon, E. Benjamin Andrews, and Edwin H. Terrell. The instructions which were given by President Harrison, through Secretary of State John W. Foster, were so concise and comprehensive that I deem them worthy of introduction here, as representing in apt language the true theory to be adopted by the United States upon the coinage question.

"Department of State, Washington, November 10, 1892.

* * * The main purpose which this Government seeks to accomplish by this conference is to bring about a stable relation between gold and silver.

"It is the opinion of the President, and, as he believes, of the people of the United States, with singular unanimity, that a full use of silver as a coined metal at a ratio to gold to be fixed by an agreement between the great commercial nations of the world would very highly promote the prosperity of all the people of all the countries of the world. For this reason your first and most important duty—"

This is addressed to the delegates—

"will be to secure, if possible, an agreement between the chief commercial countries of the world looking to international bimetallism—that is, the unlimited coinage of gold and silver into money of full debt-paying power at a fixed ratio in coinage common to all the agreeing powers.

"You should not lose sight of the fact that no arrangement will be acceptable to the people or satisfactory to the Government of the United States which would by any possibility place this country on a silver basis while European countries maintain the gold standard.

"Failing to secure international bimetallism, the next important duty will be to secure, if possible, some action upon the part of European countries looking to a larger use of silver as currency, in order to put an end to the further depreciation of that metal. * * *

JOHN W. FOSTER."

It seems to me that that letter, signed by the Secretary of State, at that time John W. Foster, but written, I imagine, by the President of the United States, states the truth as near as it can be stated by anybody; and it states what in my judgment is the only safe position which our country can occupy upon this question.

THE NATIONS WILL SETTLE IT.

I desire to say here that I should hail and will hail any settlement of this question that will not take our Government out of the position it has occupied and make it purely a monometallic silver country, driving out the gold. And in my opinion the time is near at hand when this Government and other commercial nations with which we are dealing will be able to settle this question so that the silver interests of this country and silver as a money metal will be cared for and will be placed, probably, as I hope, on a par with gold. But I insist that by any other course than an international agreement between ourselves and other great commercial nations it would be a dangerous experiment for this Government to undertake the free coinage of silver.

TRUE BASIS OF BIMETALLISM.

The instructions which I have read present, as I have said, the true basis of bimetallism, and in my judgment indicate the only solution which can ever be reached satisfactory to most of the great nations of the world and in the interest of the people of the United States. For the United States alone to declare for free coinage would be ineffective, except to the great injury of our own people. This country, great and powerful as it is, populated by an intelligent and enterprising people, is not the controller nor the autocrat of the monetary world. Our wishes and desires may all be right and proper, but our present power does not justify us in establishing an exclusive monetary system which shall invite the antagonism of twenty or thirty other nations, nearly all of which are greater or lesser contributors to the trade we now enjoy.

Mr. President, what the nations need is an international conference and agreement as to the use of silver, fixing the ratio, and then opening the mints for free coinage upon the ratio to be agreed upon. Every year and month and day makes it clearer to me that such a conference is sure to come, and I believe very soon. What a relief to the situation in this and other nations if this vexed, troublesome, and vastly important question could be settled—settled in harmony with the interest of silver as a money and in harmony with the best interests of the people of this and all the nations.

INTERNATIONAL CONCURRENCE WILL SETTLE THE ISSUE.

I may say here that in talking with a certain silver Senator, if I may so designate him, he intimated to me that he would be willing to fix the ratio at 32 to 1. I do not know whether the silver men generally would agree to such a ratio. But whatever ratio the principal nations will agree to, whether it is 15½ to 1 or 16 to 1, or 20 to 1, will be entirely satisfactory to me, because if those nations make such an agreement, in my judgment it will probably bring the commercial value of silver up to par with gold. But without such an agreement it would be utterly futile, in my judgment, for us to undertake it with any expectation that it would increase the price of silver very materially for one single nation to do so.

WHAT THE GREAT PARTIES HAVE SAID.

The great political parties in their national conventions have expressed themselves strongly in favor of the determination of the relative values of gold and silver by international action.

The Republican party said at Minneapolis in 1892:

> "We commend the wise and patriotic steps already taken by our Government to secure an international conference to adopt such measures as will insure a parity of value between gold and silver for use as money throughout the world."

That resolution is sound. We there took the position four years ago in favor of an international conference for the purpose of fixing a ratio which would insure a parity of value between gold and silver.

The Democratic party said at Chicago in 1892:

> "We hold to the use of both gold and silver as the standard money of the country and to the coinage of both gold and silver without discrimination against either metal, or charge for mintage, but the dollar unit of coinage of both metals must be of equal intrinsic and exchangeable value or be adjusted through international agreement, or by such safeguards of legislation as shall insure the parity of the two metals."

I am not sure but that the Democratic platform on that question four years ago was a little better than the Republican platform, because in addition to their favoring an international agreement for the adjustment of the exchangeable values of these two metals, they used the words "but the dollar unit of coinage of both metals must be of equal intrinsic and exchangeable value." The word "intrinsic" is not a part of the Republican platform.

WHAT THE POPULISTS SAID IN 1892.

The Populist party, calling itself "the People's Party," said at Omaha in 1892:

> "We demand the free and unlimited coinage of silver and gold at the present ratio of 16 to 1."

The Populist party also said:

> "We demand that the amount of circulating medium be speadily increased to not less than $50 per capita."

This latter enunciation of the principles of the party, which has been somewhat in evidence for a few years, would seem to be its own most certain antidote.

WHAT "SOUND MONEY" MEANS.

I hear a good many men say that "sound money" is a mere phrase; that it does not mean anything; that anybody can use the expression and still be entirely in order. But there is a definition of it which it seems to me means something. The best and most appropriate definition of the term "sound money" as applied to metallic coinage is to be found in the words of one of the most distinguished international bimetallists of the world, Henry Cernuschi, as follows:

"It is by the ordeal of fire that money can be tried. The coins which, being melted down, retain their entire value for which they were legal tender before they were melted down are good money. Those which do not retain it are not good money."

Expressing it in other words, he says:

"Good money consists of coin which is worth as much after it is melted as it purports to be worth in coin."

Edward Atkinson says:

"Bad money can only be circulated by force. Good money requires no force. Everybody is glad to get it. Money made of gold, or its representative, convertible or redeemable in gold, is the world's standard or unit of value.

"There must be a final ultimate standard or unit or coin by which all other forms or types of money—silver, nickel, copper, or paper—must be rated. All such subsidiary types of what is sometimes called money, sometimes called currency, sometimes instruments of exchange, can only be kept in circulation at a parity with the unit or standard by positive, absolute redemption or payment therein. If the law gives an employer the power to force bad money upon workmen and does not give the workman an easy and ready means of converting that bad money instantly into good money, that workman will be cheated.

"The pretext is that the coinage of silver dollars at 16 to 1 should be as free as the coinage of gold dollars, and that, by itself, can be agreed to. Coinage is nothing but the manufacture of round disks of metal stamped and certified. There is no danger in free coinage. The danger lies in the efforts of these supporters of free coinage at 16 to 1 to force cheap 50-cent dollars upon the community by an act of legal tender. The moment anyone offers to any of these people to agree to free coinage without an act of force or legal tender by which they may compel uninformed people to accept these dollars, they immediately give up their case; they will not accept free-silver-dollar coinage without the power to force them upon the people.

SILVER LEGISLATION HAS BEEN DISAPPOINTING.

Mr. President, both the act of 1878 and the act of 1890—the one called the Bland-Allison Act, the other the Sherman Act—were passed by Congress in response to a demand for free and unlimited coinage of silver by a portion of the people and as a compromise between the friends of free coinage and those opposed to such action. When the Sherman Act of 1890 was passed it was alleged and believed by the friends of free coinage that the effect of the act would be to send the price of silver up to about par with gold. The price of silver did increase for a time, but soon began to decline again, and for some time the commercial value of a dollar of 412½ grains of silver has been only about 50 cents in gold. The effect upon silver by the passage of the acts of 1878 and 1890, especially the latter act, has been very disappointing to the so-called silver men and somewhat to all who supported it. I myself supported it. It did not have the effect upon the price of silver that was expected, and instead of satisfying the special champions and friends of silver it has only made them more aggressive in favor of the free and unlimited coinage of silver at the ratio of 16 to 1, and at the same time embarrassed still more the financial situation.

The solution of the difficulties so apparent can only be reached by concerted international action—by the establishment of international bimetallism.

GENUINE BIMETALLISM IS NOT FREE COINAGE.

It is claimed by a recent writer that none of the recognized defenders of international bimetallism have ever declared in favor of free coinage by the United States alone. Gen. F. A. Walker, a most eminent exponent, has declared distinctly his opinion that free coinage by this country alone would delay, if it did not prevent, adoption of an international agreement establishing a par of exchange between the gold an silver using countries.

As to our former legislation he says:

"Our coinage of two millions a month under the Bland-Allison Act of 1878 was directly against the interests of bimetallism, while our purchase of four millions five hundred thousand ounces of silver bullion a month under the Sherman Act of 1890 was an even worse strategic blunder."

Balfour says:

"If it be possible by international arrangement to establish a joint standard throughout the world, it would not be open to the objection which a single standard is open to."

Barbour says:

"No final or satisfactory settlement of the currency question is possible except by an international agreement."

Houldsworth says:

"It is an international question. It is the duty of Her Majesty's Government to negotiate without delay with other nations."

Professor Foxwell says:

"Bimetallism is new and involves international agreement, the question of valuation as well as the question of ratio. These matters cannot be settled by isolated action. We shall never settle the monetary difficulty without international action."

The Bimetallic League:

"The aim of the Bimetallic League is to secure by international agreement the opening of the mints of the leading commercial nations to the unrestricted coinage of gold and silver at such a fixed ratio as may be mutually agreed upon amongst those nations.

"No settlement is, however, in our opinion, possible without international action. The remedy we suggest is essentially international in its character, and its details must be settled in concert with the other powers."

THE DISPARITY TOO GREAT.

Mr. President, it seems to be apparent that after the failure of the effort on the part of the Government to hold silver at a parity with gold by the two acts referred to (under which 456,000,000 ounces of silver were purchased between the years 1877 and September 30, 1893) everybody should be convinced that it would be futile to venture upon free coinage on the basis of

16 to 1, and place it by the side of the gold dollar. The disparity between the two metals is too great. The consequences of such action by the Government would inevitably result in the disappearance of gold. The United States would at once approach a silver basis, uncertain and changing from day to day, with the fluctuations of silver.

The total estimated metallic stock in the United States on July 1, 1895, according to the last report of the Secretary of the Treasury, was gold $636,000,000, and silver $624,000,000, in round numbers. By this statement it will be seen that there is no great difference between the amount of gold and silver in use in the country. The United States, considering the great depression in silver, has dealt fairly with the white metal, showing great reluctance to give up either.

I am in favor of using all the silver as coin we can, and we may be able to use even more than we are now using, but the question of the standard should be settled. We should not depart from the gold standard until we can have the co-operation of other great commercial nations and an agreement as to the ratio for the free and unlimited coinage of silver for all the nations.

The Treasury Department shows that on April 1, 1896, there was in the Treasury of the United States six hundred and ninety-five millions of all kinds of money—gold, silver, paper, and minor coins. On [illegible] same day there was in circulation $1,528,000,000. Assuming that at that time the population of the United States numbered 71,909,000, we had in circulation $21.53 per capita. The statistics also show that in 1872 our per capita money circulation averaged $18.19; in 1873, $18.04; in 1874, [illegible].13; in 1878, $15.32; in 1890, $22.[illegible]2, and in 1892, $24.44. So that the per capita circulation has not varied to any great extent for many years. The variation in the amount of our circulation has been largely produced by the fluctuation in the amount in the Treasury vaults.

WAS ALWAYS MONEY TO SPARE.

Mr. President, since 1872 we have had good times and we have had hard times. Neither the one nor the other, it is plain to me, has been produced by the changes in our per capita circulation. This leads me to the real cause which brought about, first, good times, and next, hard times. Under Republican rule we had a protective tariff, and not so much disturbance in the financial system as of late. There was always money to spare in the Treasury; we had a revenue system that yielded it, and there was no fear ever manifested of a bankrupt Treasury. Under the change of Administration and policy there has been a continual state of anxiety in the minds of the people engaged in any kind of business. With a well-adjusted protective tariff system the depressed and embarrassed condition of the people of the Government would very soon be greatly relieved, but even with a proper tariff law the situation demands that our monetary system must be settled, so that the world may know that we mean to be honest with ourselves and with the rest of mankind. But, Mr. President, I do not intend to discuss the tariff question to-day, further than to say that without a wise protective tariff in this country we will have hard times whatever we may do in relation to our monetary system.

The creditors of the people of the country and of the Government itself have perhaps justly questioned even the good faith of the nation in meeting its obligations.

"THE CRIME OF 1873."

A recent editorial article in the Chicago Tribune describes the situation thus:

"Those who "demand" the free coinage of silver at the ratio of 16 to 1, or 50 cents to the 100-cent dollar, assert that the fall in the commercial value of silver was due to "the crime of 1873," which forbade the coinage of silver dollars when none was being coined, nor had been for many years. They have nothing to say about the action taken by Germany prior to 1873, when that nation stopped silver coinage and adopted the gold standard. And they never mention the fact of France and the Latin Union following Germany's example two or three years later.

"They are silent about these limitations in countries numbering 130,000,000 enterprising people, or more than twice the population of this country at the last census. They have not reviled Holland, Scandinavia, and Austria-Hungary for adopting the gold standard—enterprising countries containing nearly 60,000,000 people. They are not abusing Russia, with her 120,000,000 people, for putting her currency on a gold-standard basis. They seem to think that what 300,000,000 Europeans have done cuts no figure in the case of silver, and that the "future of silver" depends solely on the fiat of the American Congress for the 16 to 1 ratio or 50-cent dollar.

"The chief cause of the immense cheapening of silver since 1875-76 is not legislation, either that of Europe or of America or both taken together. The principal effective cause is overproduction of silver in proportion to the demand for it. The mines have turned out more of that metal than the world needed or was able to use for coinage and other purposes, and as an inevitable consequence the price went down.

"The commercial world has always determined the relative value of the precious metals to suit itself. It has never paid any attention to statutory ratios of any nation, but has exercised its own judgment as to values, just the same as it does about copper, iron, wheat, corn, and cotton. If the production of silver were to stop that metal would gradually become scarcer. The old stock would be consumed, so to speak, and the commercial world, without waiting for a law, would rate it at a higher value every year after a cessation of its extraction from the mines."

WOULD BANKRUPT THE COUNTRY.

In an address delivered before the Trans-Mississippi Commercial Congress at St. Louis, Mo., November 27, 1894, by the Hon. George E. Leighton, the following statement is made, showing by contrast the results which would follow the establishment, respectively, of the legal-tender free coinage of gold and the legal-tender free coinage of silver. Mr. Leighton says:

"An act of Congress to make legal tender the gold coin of any country, or every country on the face of the earth, at rates established according to their actual weight and fineness as compared with the $25\frac{8}{10}$ grain standard dollar of the United States would not produce a ripple of disturbance in the commercial world. Not a sovereign, or franc, or mark, or florin, or peso, would come or go, except in the normal flow created in the settlement of international balances. There would be no movement, simply because the coin would have no more value in one place than another.

"To pass an act to receive the silver coin of the world as legal tender at the rates established according to weight and fineness, according to our false 412½-grain dollar, would bankrupt the country, as it would mean taking the world's silver at double its present value. Does this not prove that the position is inconsistent and untenable?"

In my opinion the substantial correctness of this position cannot be controverted. One of these metals is the nearly universal standard, with a determinate intrinsic value, by which is measured the value of the productions of the world, while the other has but a transitory and uncertain value, dependent upon demand and supply, and contingent upon prosperity or adversity among the people. It matters not what silver was twenty years ago. It does not in any way bear upon the issue to say that before 1873 silver possessed certain attributes as a measure of values. It does not possess them now. A great change occurred. The fact exists, and governments deal only with existing facts. It cannot take cognizance of obsolete and abandoned conditions. Lamentations over a change which occurred nearly a generation ago, resulting in which to-day is part of the settled coinage policy of nine-tenths of the civilized world, are wholly fruitless and unavailing.

RETIREMENT OF SILVER BY GREAT NATIONS.

Silver as a standard currency was retired in Germany in 1871, suspended in Belgium, France, Holland, Denmark, Sweden, Norway, and the United States in 1873, and in Italy and the Dutch Colonies in 1875, and in many other countries before and since 1873. With silver possessing the value it now bears the return of any single country to a legal-tender silver standard would imperil not only its commercial interests, but its very position among nations.

NOT A SECRET CRIME.

I desire to notice a few of the unfounded assertions which constantly pass current as part of the literature of the free-coinage, legal-tender advocates. It has been widely asserted that by the act of 1873 silver was secretly demonetized. An examination of the Congressional Globe of that session discloses the fact that the discussion upon the bill covers 140 columns of the Globe, and that the bill was printed more than a dozen times during its progress through Congress. In addition to the discussion of its general provisions, the matter of the omission of the silver dollar from the authorized coinage of the country was freely discussed in the House of Representatives by such members as the distinguished Republican, William D. Kelley, the distinguished Democrat, Clarkson N. Potter, with W. L. Stoughton and Samuel Hooper. Mr. Kelley said:

"It is impossible to retain the double standard. * * * All experience has shown that you must have one standard coin."

Mr. Potter said:

"This bill provides for substituting as legal tender coin of only one metal instead, as heretofore, of two. I think myself that this would be a wise provision, and that legal-tender coins, except subsidiary coins, should be gold alone."

Mr. Stoughton said:

"Gold is practically the standard of value among all civilized nations, and the time has come in this country when the gold dollar should be distinctly declared to be the coin representative of the money unit."

Mr. Hooper said:

> "The committee, after careful consideration, concluded that $25\frac{8}{10}$ grains of standard gold, constituting the gold dollar, should be declared the money unit or metallic representative of the dollar of account."

It was also discussed and amended in the Senate. This law of 1873 was not rushed secretly through without consideration. It was enacted in the same manner in which all laws are enacted, and yet, although it is claimed to have injured silver, it is a fact that the average annual coinage of silver for twenty years following "the crime of 1873" was more than ten times the annual average for the forty years prior to that year. The Government has gone out of its way to favor silver and has as a special favor stored away in its vaults some $350,000,000, for which it gives circulation to a representative paper certificate which passes for money.

DEPRECIATION DUE TO INCREASE IN PRODUCTION.

Mr. President, the argument, or rather the assertion, that the act of 1873 has brought about the reduction in the price of silver is gratuitous. The depreciation in silver is due largely to the increase in production, not only in the United States, but over the whole world. I do not believe that by any logical argument or true statement of conditions can it be shown that the law of 1873 reduced the commercial value of silver materially. On the contrary, if free and unlimited coinage had been given its full effect the amount rushed through the mints would probably have brought down the price of silver much sooner, and to a lower point than it has yet reached, because those nations at that time had nearly all demonetized silver, to use the ordinary expression, so that if we had continued the free and unlimited coinage of silver, without regulation as to the admission of foreign bullion, we would have been overwhelmed with silver.

NATURAL AND COMMERCIAL CAUSES.

Why not give to well-known natural and commercial causes the credit or the blame for the fluctuation in silver value instead of charging it to legislation of 1873? Why, at the time that law was enacted one would hardly see a silver dollar in circulation in a month's travel. Silver, except in the smaller coins, was practically out of use. In the next four years, 1874 to 1877, inclusive, there were no silver dollars coined. But what was coined? Did silver lose anything? Not a farthing. On the contrary, in those four years there was coined $21,500,000 in half-dollars and $15,300,000 in quarter-dollars, or a total of over $36,800,000 in silver. This was an average of over $9,200,000 a year in silver half and quarter-dollars, being a greater quantity of silver than had ever been coined into similar silver pieces in any four years either before or since 1873.

And so, Mr. President, on applying the touchstone of simple fact to the wholesale creations of the imagination which have been woven about this subject they vanish like a breath.

ASSERTION CANNOT BE SUBSTANTIATED.

Let us look at another claim. It is constantly asserted that our trade demands an increase of circulating medium. The political scientists who met in Omaha in 1892 and nominated Mr. Weaver for President, seriously demanded that the circulating medium should be rapidly increased "to not less than $50 per capita."

In point of fact the amount of money in actual circulation in the United States has never been less than $22 per capita since 1881. It has fluctuated between $22 and $25 during that time. And at this present time, counting the money in the Treasury in the computation, we have per capita of money in the country about $34. No other country in the world exceeds this, or anywhere nearly equals it, except France, which has about $36 per capita. It is not necessary here to discuss the reason why France should slightly exceed the United States in amount of money per capita. It is sufficient to answer the insistence that we have too little money in circulation by saying that it is a mere assertion, incapable of substantiation. The average circulating medium in thirty countries of the world is less than $13 per capita. France excepted, the United States stands at the head and has more than twice as much money per capita as the average nation of the world.

This fact ought to settle the contention without further argument, as the figures are taken from the statistical reports of the officials of the United States.

MEET MONETARY QUESTION WITH COURAGE.

Mr. President, in the remarks I have made I have sought to give my views dispassionately on the subject in the hope that we may, guided by history, observation, and reason, arrive at a proper final decision in the interest of the general welfare of the people of this country. The monetary question presses itself upon the attention of the country. Let us meet it with courage and do right. We cannot permit the free and unlimited coinage of silver at 16 to 1 if we look to the interest of the people of the United States, except as the result of an international agreement for such coinage by the leading commercial nations. With such agreement we can. We cannot depart from the gold standard with safety until such international agreement is made. I believe the time will soon come when a conference of the nations will be held and by which the silver question will be settled by fixing a ratio for its use as a money metal and for opening the mints for its free coinage. I hope for it, and look for it.

Blaine Against Free Coinage at 16-1.

SPEECH

OF

HON. JAMES G. BLAINE,

OF MAINE,

In the Senate of the United States,
February 7th, 1878.

"At current rates of silver, the free coinage of a dollar containing 412 1-2 grains, worth in gold about 92 cents, gives an illegitimate profit to the owner of the bullion, enabling him to take 92 cents worth of it to the mint and get it stamped as coin and force his neighbor to take it for a full dollar. This is an undue, an unfair advantage which the Government has no right to give the owners of silver bullion, and which defrauds the man who is forced to take the dollar."

WASHINGTON.
1896.

Blaine Against Free Coinage at 16-1.

SPEECH

OF

HON. JAMES G. BLAINE,

OF MAINE,

In the Senate of the United States, February 7th, 1878.

MR. PRESIDENT: The discussion of the question of remonetizing silver has been prolonged and exhaustive. I may not expect to add much to its value, but I promise not to add much to its length. I shall endeavor to consider facts rather than theories, to state conclusions rather than arguments.

I believe gold and silver coin to be the money of the Constitution,—indeed the money of the American people anterior to the Constitution, which that great organic law recognized as independent of its own existence. No power was conferred on Congress to declare that either metal should not be money. Congress has, therefore, in my judgment, no power to demonetize silver any more than to demonetize gold; no more power to demonetize either than to demonetize both. In this statement I am but repeating the weighty dictum of the first of constitutional lawyers. "I am certainly of the opinion," said Mr. Webster, "that gold and silver, at rates fixed by Congress, constitute the legal standard of value in this country, and that neither Congress nor the State has authority to establish or to displace this standard." Few persons can be found, I apprehend, who will maintain that Congress possesses the power to demonetize both gold and silver, or that Congress would be justified in prohibiting the coinage of both, and yet in logic and legal construction it would be difficult, to show where and why the power of Congress over silver is greater than over gold,—greater over either than over both. If, therefore, silver has been demonetized, I am in favor of remonetizing it. If its coinage has been prohibited, I am in favor of ordering it to be resumed. If it has been restricted, I am in favor of ordering it to be enlarged.

INTERNATIONAL DEMONETIZATION, THE LEADING CAUSE FOR DECLINE IN PRICE OF SILVER.

What power, then, has Congress over gold and silver? It has the exclusive power to coin them; the exclusive power to regulate their value—very great, very wise, very necessary powers, for the discreet exercise of which a critical occasion has now arisen. However men may differ about causes and processes, all will admit that within a few years a great disturbance has taken place in the relative values of gold and silver, and that silver is worth less, or gold is worth more, in the money market of the world in 1878 than in 1873, when the further coinage of silver dollars was prohibited in this country. **To remonetize it now, as though the facts and circumstances of that day were surrounding us, is to willfully and blindly deceive ourselves. If our demonetization were the only cause for the decline in the value of silver, then remonetization would be its proper and effectual cure. But other causes, quite beyond our control, have been far more potentially operative than the simple fact that Congress prohibited its further coinage. As legislators, we are bound to take cognizance of these causes. The demonetization of silver in the great German Empire and the consequent partial or well-nigh complete, suspension of coinage in the governments of the Latin Union, have been the leading dominant causes for the rapid decline in the value of silver.** I do not think the oversupply of silver has had, in comparison with these other causes, an appreciable influence in the decline of its value, because its oversupply, with respect to gold in these latter years, has not been so great as was the oversupply of gold for many years after the mines of California and Australia were opened; and the oversupply of gold from these rich sources did not affect the relative positions and uses of the two metals in any European country.

RESTORATION OF SILVER IMPOSSIBLE WITHOUT THE CO-OPERATION OF EUROPE.

I believe, then, if Germany were to remonetize silver and the Kingdoms and States of the Latin Union were to reopen their mints, silver would at

once resume its former relation with gold. The European countries, when driven to full remonetization, as I believe they will be, must of necessity adopt their old ratio of fifteen and a half of silver to 1 of gold, and we shall then be compelled to adopt the same instead of our former ratio of 16 to 1. If we fail to do this we shall, as before, lose our silver, which, like all things else, seeks the highest market; and if fifteen and a half pounds of silver will buy as much gold in Europe as sixteen pounds will buy in America, the silver, of course, will go to Europe.

OUR SILVER DOLLAR MUST BE WORTH ONE HUNDRED CENTS IN GOLD.

But our line of policy in a joint movement with other nations to remonetize, is simple and direct. The difficult problem is what we shall do when we aim to re-establish silver without the co-operation of European powers and really as an advance movement to coerce those powers into the same policy. Evidently the first dictate of prudence is to coin such a dollar as will not only do justice among our citizens at home, but will prove a protection—an absolute barricade—against the gold monometallists of Europe, who when the opportunity offers will quickly draw from us the one hundred and sixty millions of gold coin which we now hold.

FREE COINAGE AT 16 TO 1 WOULD FORCE US TO A SINGLE SILVER STANDARD.

If we coin a silver dollar of full legal tender, obviously below the current of value of the gold dollar, we are opening wide our doors and inviting Europe to take our gold. With our gold flowing out from us, we shall be forced to the single silver standard and our relations with the leading commercial countries of the world will be not only embarrassed but crippled.

AT CURRENT RATES, FREE COINAGE WOULD BENEFIT THE BULLION OWNER AND DEFRAUD ALL OTHERS.

The question before Congress, then—sharply defined in the pending House Bill—is, whether it is now safe and expedient to offer free coinage to the silver dollar of 412½ grains, with the mints of the Latin Union closed and Germany not permitting silver to be coined as money. At current rates of silver, the free coinage of the dollar containing 412½ grains, worth in gold about ninety-two cents, gives an illegitimate profit to the owner of the bullion, enabling him to take ninety-two cents worth of it to the mint and get it stamped as coin and force his neighbor to take it for a full dollar. This is an undue, an unfair advantage which the Government has no right to give to the owner of the silver bullion, and which defrauds the man who is forced to take the dollar.

FREE COINAGE WILL CAUSE OUR GOLD TO LEAVE US.

It assuredly follows that if we give free coinage to this dollar of inferior value, and put it in circulation, we do so at the expense of our better coinage in gold, and unless we expect the uniform and invariable experience of other nations to be in some mysterious way suspended for our peculiar benefit, we will inevitably lose our gold coin. It will flow out from us with the certainty and with the force of the tides. Gold has indeed remained with us in considerable amount during the circulation of the inferior currency of the legal tender, but that was because there were two great uses reserved by law for gold—the collection of customs, and the payments of interest on the public debt. But if the inferior silver coin is also to be used for these two reserved purposes, then gold has no tie to bind it to us. What gain, therefore, should we make, for the circulating medium, if, on opening the gate for silver to flow in, we open a still wider gate for gold to flow out? If I were to venture upon a dictum upon the silver question, I should declare that until Europe remonetizes silver we cannot afford to coin a dollar as low as 412½ grains. After Europe remonetizes on the old standard we cannot afford to coin a dollar above four hundred grains. If we coin too low a dollar before general remonetization our gold will leave us. If we coin too high a dollar before general remonetization, our silver will leave us. It is only an equated value before and after general remonetization that will preserve both gold and silver to us.

THE PURCHASING POWER OF REDEEMABLE PAPER MONEY DIMINISHED BY FREE COINAGE.

Consider further what injustice would be done to every holder of a legal tender or national bank note. That vast volume of paper money—in excess of seven hundred millions of dollars—is now worth between ninety-eight and ninety-nine cents on the dollar in gold coin. The holders of it, who are indeed our entire population, from the poorest to the richest, have been promised from the hour of its issue that their paper money will one day be as good as gold. To pay silver for the greenback is a full compliance with this promise and this obligation, provided the silver is made, as it always has been hitherto, as good as gold. To make our silver coin even three per cent. less valuable than gold inflicts at once a loss of more than twenty millions of dollars on the holders of our paper money. To make a silver dollar worth but ninety-two cents precipitates, on the same class, a loss of nearly sixty millions of dollars. For whatever the value of the silver dollar is, the whole paper issue of the country will sink to its standard when its coinage is authorized and its circulation becomes general in the channels of trade. Some one in conversation with Commodore Vanderbilt, during one of the many freight competitions between the trunk lines, said, "It cannot be that the Canadian railroad has sufficient carrying capacity to compete with your great line?" "That is true," replied the Commodore, "but they can fix a rate and force us down to it." Were Congress to pass a law to-day declaring that every legal tender note and every national bank note shall hereafter pass for only ninety-six or ninety-seven cents on the dollar, there is not a constituency in the United

States that would re-elect a man who supported it, and in many districts the man would be lucky if he escaped merely with a defeat at the polls.

OPINIONS OF FINANCIAL SCIENTISTS WORTHLESS IN THE FACE OF CONTROLLING FACTS.

Yet it is almost mathematically demonstrable that the same effect will follow from the coinage of an inferior silver dollar. Assurances from empirics and scientists in finance that remonetization of the former dollar will at once and permanently advance its value to par with gold are worth little in the face of opposing and controlling facts. The first and instant effect of issuing any silver dollar that will pay customs dues and interest on the public debt, will undoubtedly be to raise it to a practical equality with gold; but that condition will last only until the amount needful for customs shall fill the channels of its use; and the overflow going into general circulation will rapidly settle to its normal and actual value, and then the discount will come on the volume of the paper currency, which will sink *pari passu* with the silver dollar in which it is made redeemable.

NATIONAL REMONETIZATION INADEQUATE TO RESTORE THE VALUE OF SILVER.

That remonetization will have a considerable effect in advancing the value of the silver dollar is very probable, but not enough to overcome the difference now existing—a difference resulting from causes independent of our control on this continent.

REMONETIZATION BELOW A FAIR STANDARD OF VALUE SHOULD NOT BE ATTEMPTED.

The responsibility for re-establishing silver in its ancient and honorable place as money in Europe and in America, devolves really upon the Congress of the United States. If we act here with wisdom and firmness, we shall not only successfully remonetize silver and bring it into general use as money in our own country, but the influence of our example will be potential among European nations, with the possible exception of England. Indeed, our annual indebtment to Europe is so great that, if we have the right to pay in silver, we necessarily coerce those nations by the strongest of all forces, self-interest, to aid us in upholding the value of silver as money.

But if we attempt the remonetization on a basis which is obviously and notoriously below the fair standard of value as it now exists, we incur all the evil consequences of failure at home, and the certainty of successful opposition abroad. We are, and shall be, the greatest producers of silver in the world, and we have a larger stake in its complete monetization than any other country. The difference to the United States between the general acceptance and the general destruction of silver as money in the commercial world will, possibly, within the next half century, equal the entire bonded debt of the nation. **But to gain this advantage, we must make it actual money, the accepted equal of gold in the markets of the world.** Remonetization here, followed by general remonetization in Europe, will secure to the United States the most stable basis for its currency that we have ever enjoyed, and will effectually aid in solving all the problems by which our financial situation is surrounded.

On the much vexed and long mooted question of a bi-metallic or mono-metallic standard, my own views are sufficiently indicated in the remarks I have made. I believe the struggle now going on in this country, and in other countries, for a single gold standard, would, if successful, produce disaster in the end throughout the commercial world. The destruction of silver as money, and the establishment of gold as a sole unit of value, must have a ruinous effect on all forms of property except those investments which yield a fixed return in money. These would be enormously enhanced in value, and would gain a disproportionate, and therefore unfair, advantage over every other species of property.

If, as the most reliable statistics affirm, there are nearly seven thousand millions of coin or bullion in the world, not very unevenly divided between gold and silver, it is impossible to strike silver out of existence as money without results which will prove distressing to millions, and utterly disastrous to tens of thousands. Alexander Hamilton, in his able and invaluable report in 1791 on the establishment of a mint, declared that "to annul the use of either gold or silver as money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full circulation with the evils of a scanty circulation." I take no risk in saying that the benefits of a full circulation, and the evils of a scanty circulation, are both immeasurably greater to-day than they were when Mr. Hamilton uttered these weighty words, **Always provided that the circulation is one of actual money, and not of depreciated promises to pay.**

HAMILTON'S ARGUMENT IN FAVOR OF A DOUBLE STANDARD.

In the report from which I have already quoted Mr. Hamilton argues at length in favor of a double standard, and all the subsequent experience of ninety years has brought out no clearer statement of the case, or developed a more complete comprehension of this subtle and difficult subject. "On the whole," says Mr. Hamilton, "it seems most advisable not to attach the unit exclusively to either of the metals, because this cannot be done effectually without destroying the office and character of one of them as money, and reducing it to the situation of mere merchandise." Mr. Hamilton wisely concludes that this reduction of either of the metals to mere merchandise (I again quote his exact words) "would probably be a greater evil than occasional variations in the unit from the fluctuations of the relative value of the metals, especially if care be taken to regulate the proportion between them, with an eye to their average commercial value." I do not think that this country, holding so vast a portion of the world's supply of silver in its mountains and its mints, can afford to reduce the metal to the "situation of mere merchandise." If silver ceases to be used as money in Europe and America, the mines of the Pacific slope will be closed and dead. Mining enterprises of the gigantic scale existing in this country cannot be carried on to provide backs for mirrors and to manufacture cream pitchers and sugar bowls. A source of incalculable wealth to this entire country is destroyed the moment silver is permanently disused as money. It is for us to check that tendency and bring the continent of Europe back to the full recognition of the value of the metal as a medium of exchange.

WHATEVER AFFECTS THE PUBLIC CREDITOR AFFECTS THE WHOLE PEOPLE.

The question of beginning anew the coinage of silver dollars has aroused much discussion as to its effect on the public credit. The Senator from Ohio, Mr. Matthews, placed this phase of the subject in the very forefront of the debate—insisting, prematurely and illogically I think, on a sort of judicial construction in advance, by concurrent resolution, of a certain law in case that law should happen to be passed by Congress. My own view of this question can be stated very briefly. I believe the public creditor can afford to be paid in any silver dollar that the United States can afford to coin and circulate. We have forty thousand millions of property in this country, and a wise self-interest will not permit us to overturn its relations by seeking for an inferior dollar wherewith to settle the honest demand of any creditor. The question might be different from a merely selfish point of view if, on paying the dollar to the public creditor, it would disappear after performing that function. But the trouble is that the inferior dollar you pay the public creditor remains in circulation to the exclusion of the better dollar. That which you pay at home will stay here; that which you send abroad will come back.

THE MOST DISTRESSING EFFECT OF INFERIOR MONEY ALWAYS FALLS UPON THE POOR.

The interest of the public creditor is indissolubly bound up with the interest of the whole people. Whatever affects him affects us all; and the evil that we might inflict upon him by paying an inferior dollar would recoil upon us with a vengeance as manifold as the aggregate wealth of the republic transcends the comparatively small limits of our bonded debt. Remember that our aggregate wealth is always increasing, and that our bonded debt is steadily growing less. If paid in a good silver dollar the bondholder has nothing to complain of. If paid in an inferior silver dollar he has the same grievance that will be uttered still more plaintively by the holder of the National Bank bill, by the pensioner, by the day laborer, and by the countless host of the poor, whom we have with us always, and on whom the most distressing effect of inferior money will be ultimately precipitated.

THE PURPOSE AND EFFECT OF SILVER DEMONETIZATION BY GERMANY.

But I say, Mr. President, that the specific demand for the payment of our bonds in gold coin, and in nothing else, comes with an ill grace from certain quarters. European criticism is leveled against us, and hard names are hurled at us across the ocean for simply daring to state that the letter of our law declares the bonds to be payable in standard coin of July 14th, 1870; explicitly declared so, and declared so in the interest of the public creditor, and the declaration inserted in the very body of the eight hundred millions of bonds that have been issued since that date. Beyond all doubt, the silver dollar was included in the standard coins of that public act. Payment at that time would have been as acceptable and as undisputed in silver as in gold dollars, for both were equally valuable in the European as well as in the American market. Seven-eighths of all our bonds owned out of the country are owned in Germany and in Holland. Germany has demonetized silver, and Holland has been forced thereby to suspend its coinage, since the subjects of both powers purchase our securities. The German Empire, the very year after we made our specific declaration, for paying bonds in coin, passed a law destroying, so far as lay in its power, the value of silver as money. I do not say that it was especially aimed at this country, but it was passed regardless of its effect upon us, and was followed, according to public and undenied statement, by a very large investment on the part of the German Government in our bonds, with a view, it was understood, of holding them as a coin reserve for drawing gold from us to aid in establishing their new gold standard at home. Thus by one move, the German Government destroyed, so far as lay in its power, the then existing value of silver as money, enhanced consequently the value of gold, and then got into a position to draw gold from us at the moment of their need, which would also be the moment of our own sorest distress. I do not say that the German Government, in these successive steps, did a single thing which it had not a perfect right to do, but I do say that the subjects of that Empire have no reason to complain of our Government for the initial step which has impaired the value of one of our standard coins. The German Government, by joining with us in the remonetization of silver, can place that standard coin in its old position, and make it as easy for this Government to pay, and as profitable for their subjects to receive, the one metal as the other.

OUR LABORERS MUST BE INSURED A FULL DOLLAR'S PAY FOR A DOLLAR'S WORTH OF WORK.

When we pledged the public creditor in 1870 that our obligations should be paid in the standard coin of that date, silver bullion was worth in the London market a fraction over sixty cents per ounce; its average for the past eight months has been about fifty-four pence; a price reckoned in gold in both cases. But the large difference is due in part to the rise in gold as well as to the fall of silver. **Allowing for both causes and dividing the difference, it will be found, in the judgment of many of the wisest men of this country, perfectly safe to issue a dollar of four hundred and twenty-five grains standard silver; as one that, anticipating the full and legitimate influence of remonetization, will equal itself with the gold dollar, and effectually guard against the drain of our gold during the time necessary for international conference in regard to the general re-establishment of silver as money.** When that general re-establishment shall be effected with a coinage of fewer grains, the dollar which I am now advocating will not cause loss or embarrassment to any one. The miner of the ore, the owner of the bullion, the holder of the coin, and the Government that issues it, will, all in turn, be benefited. It will yield a profit on re-coinage and will be advantageously employed in our commercial relations with foreign countries. **Meanwhile it will insure to our laborers at home a full dollar's pay for a dollar's worth of work. I think we owe this to the American laborer.**

THE TRADE DOLLAR FOR BARBARIANS, BETTER THAN THE STANDARD DOLLAR FOR AMERICANS.

Ever since we demonetized the old dollar we have been running our mints at full speed, coining a new silver dollar for the use of the Chinese Coolie and the Indian Pariah—a dollar containing 420 grains of standard silver, with its superiority over our ancient dollar ostentatiously engraved on its reverse side. To these "outside barbarians" we send this superior dollar, bearing all our national emblems, our patriotic devices, our pious inscriptions, our goddess of liberty, our defiant eagle, our federal unity, our trust in God. This dollar contained seven and a half grains more silver than the famous "Dollar of our Fathers" proposed to be recoined by the pending bill, and more than four times as many of these new dollars have already been coined as ever were coined of all other silver dollars in the United States.

AN INFERIOR DOLLAR SHOULD NOT BE BY LAW FORCED UPON THE AMERICAN LABORER.

In the exceptional and abnormal condition of the silver market now existing throughout the world, we have felt compelled to increase the weight of the dollar with which to carry on the trade with the heathen nations of Asia. Shall we do less for the American laborer at home? Nay, shall we not do a little better for those of our own blood, and our own fireside? If you remonetize the dollar of the Fathers your mints will at once be put at work on two different dollars—different in weight, different in value, different in prestige, different in their reputation and currency throughout the commercial world. It will read strangely in history that the weightier and more valuable of these dollars is made for an ignorant class of heathen laborers in China and India, and that the lighter and less valuable is made for the intelligent and educated laboring man who is a citizen of the United States. Charity, says the adage, begins at home. Charity the independent American laborer scorns to ask, but he has the right to demand that justice shall begin at home. In his name and in the name of common sense and common honesty, I ask that the American Congress will not force upon the American laborer an inferior dollar which the naked and famishing laborers of India and China refuse to accept.

The bill which I now offer as a substitute for the House Bill contains three very simple propositions:

First:—That the dollar shall contain 425 grains of standard silver, shall have unlimited coinage, and be an unlimited legal tender.

Second:—**That all the profit of coinage shall go to the Government, and not to the operator in silver bullion.**

Third:—That silver dollars or silver bullion, assayed and mint-stamped, may be deposited with the assistant Treasurer at New York, for which coin certificates may be issued, the same in denomination as United States notes, not below ten dollars, and these shall be redeemable on demand in coin or bullion. We shall thus secure a paper circulation based on an actual deposit of precious metal, giving us notes as valuable as those of the Bank of England, and doing away at once with the dreaded inconvenience of silver on account of bulk and weight.

WE NEED BOTH GOLD AND SILVER, AND WE CAN HAVE BOTH ONLY BY MAKING EACH THE EQUAL OF THE OTHER.

I do not fail, Mr. President, to recognize that the committals and avowals of Senators on this question preclude the hope of my substitute being adopted. Indeed I do not fail to recognize that on this question I am not in line with either extreme—with those who believe in the single gold standard, or those who, **prematurely and unwisely, as I must regard it, would force us to a single silver standard. Either will be found, in my judgment, a great misfortune to our country. We need both gold and silver, and we can have both only by making each the equal of the other.** It would not be difficult to show that, in the nations where both have been fully recognized and most widely diffused, the steadiest and most continuous prosperity has been enjoyed—that true form of prosperity which reaches all classes, but which begins with the day laborers, whose toil lays the foundation of the whole superstructure of wealth. The exclusively gold nation, like England, may show the most massive fortunes in the ruling classes, but it shows also the most helpless and hopeless poverty in the humbler walks of life. The gold and silver nation, like France, can exhibit no such individual fortunes as abound in England, but it has a peasantry whose silver savings can pay a war indemnity that would have beggared the gold bankers of London, and to which the peasantry of England could not have contributed a pound sterling in gold or even a shilling in silver.

AN INFERIOR SILVER DOLLAR OR CHEAI PAPER MONEY WOULD BE DISASTROUS TO THE INTERESTS OF ALL.

The effect of paying the laborer in this country in silver coin of full value, as compared with irredeemable paper—or as compared, even, with a silver dollar of inferior value—will make itself felt in a single generation to the extent of tens of millions—perhaps hundreds of millions—in the aggregate savings which represent consolidated capital. It is the instinct of man, from the savage to the scholar—developed in childhood and remaining with age—to value the metals which in all lands are counted "precious." Excessive paper money leads to extravagance, to waste, to want, as we painfully witness to-day. With abounding proof of its demoralizing and destructive effect, we hear it proclaimed in the halls of Congress, that "the people demand cheap money." I deny it. I declare such a phrase to be a total misapprehension—a total misinterpretation of the popular wish. The people do not demand cheap money. They demand an abundance of good money, which is an entirely different thing. They do not want a single gold standard that will exclude silver and benefit those already rich. They do not want an inferior silver standard that will drive out gold and not help those already poor. They want both metals in full value, in equal honor, in whatever abundance the bountiful earth will yield them to the searching eye of science and to the hard hand of labor.

The two metals have existed side by side in harmonious, honorable companionship as money ever since intelligent trade was known among men. It is well-nigh forty centuries since "Abraham weighed to Ephron the silver which he had gained in the audience of the sons of Herth, 400 shekels of silver, current money with the merchant." Since that time nations have risen and fallen, races have disappeared, dialects and languages have been forgotten, arts have been lost, treasures have perished, continents have been discovered, islands have been sunk in the sea, and through all these ages and through all these changes silver and gold have reigned supreme as the representative of value, as the media of exchange. The dethronement of each has been attempted in turn, and sometimes the dethronement of both; but always in vain. And we are here to-day deliberating anew over the problem which comes down to us from Abraham's time; the weight of the silver that shall be "current money with the merchant."

As Mr. Blaine resumed his seat there was protracted applause in the galleries.

The Wilson Bill and the Farmer.

SPEECH OF

HON. CHARLES H. GROSVENOR,

OF OHIO,

In the House of Representatives, Monday, February 17, 1896.

The House having under consideration the bill (H. R. 5161) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1897.

Mr. GROSVENOR said:

Mr. Chairman: During the years that have passed over our heads, which involved the discussion of the Morrison tariff bill, the Mills bill, the bill of 1890, the law of 1894, and the attempted legislation of the present Congress to relieve the Treasury from bankruptcy, a great deal has been said about the effect of our legislation upon the agricultural interests of the country, and we were told, in language more eloquent than I can hope to use, that the great aim and purpose of the Democratic party on this floor and in the country was to enlarge the scope of our markets in foreign lands for the productions of our agricultural interests. We were told that we were, by the law of 1890, building around the agriculturists of this country a Chinese wall. I remember listening with intense interest to a splendid argument by a distinguished member of this house, now a distinguished member of the United States Senate, in which he argued from premises as follows:

> "If you buy abroad, you may sell abroad; but if you do not buy the commodities manufactured in foreign lands, you cannot have a market for the agricultural products of your own land."

That is an argument as old as the discussion of this question, which is a hundred years and upward in this country; and yet it has always had to me a very interesting sound, and if we were driven to the discussion of theories, it seems to me this side of the Chamber, having the views that I do, would have difficulty in maintaining our position.

The time has come at last in this country when we have something besides theories to go on. We are no longer driven to the consideration of theoretical propositions, of discussions that emanate from distinguished doctrinaires of the colleges. They have become utterly valueless to the ear of the American voter, because the American voter has a lesson now based upon actual facts, based upon actual knowledge, based upon actual conditions, that answers conclusively all the theories and relegates into the obscurity which they deserve to occupy upon this question the men in the colleges, scientific men, who undertake to preach the doctrine of "the fatherhood of God and the brotherhood of man," as applied to the question of the sale of the agricultural products of one's country.

I hold in my hand, Mr. Chairman, a brief statement showing the effect upon the agricultural interests of this country in detail of the law of 1890, and the changes involved in the repeal of the law, the striking down of the section providing for reciprocity contained in the law known as the statute of 1890, the McKinley law, and I will add this statement to the remarks which I have here made:

EFFECT OF THE WILSON LAW ON FARM PRODUCTS.

HOSTILE TO THE FARMERS—ASTONISHING RESULTS OF THE WILSON TARIFF LAW—A DEFINITE COMPARISON OF ITS WORKINGS WITH THOSE OF THE McKINLEY LAW IN A GIVEN PERIOD NOW POSSIBLE FOR THE FIRST TIME—A FALLING OFF OF $83,000,000 IN THE VALUE OF AGRICULTURAL PRODUCTS EXPORTED, WHILE THE IMPORTS HAVE INCREASED LARGELY.

(By telegraph to the New York Tribune.)

Washington, February 14.

The great mass of citizens of the United States who are dependent on agriculture for a livelihood will perhaps be astonished to find to how great an extent the new tariff law is discriminating against them, both in the matter of the importation of their own products and the importation of foreign products which compete with their own labor. They have had intimations of this in the fragmentary statements which it has been possible to present from time to time of the workings of the new law, but it is now possible for the first time to compare definitely from official publications the workings of the new law in a given period with those of the McKinley law. And the statement thus obtained shows that in practically every department of agriculture the new law has placed the great population of this country who are dependent on agriculture at a great disadvantage.

The Treasury Department arranges its statements of the operations of the customs law in two different forms. At the close of the fiscal year, June 30, it presents a statement showing the amount and value of imports and exports during the twelve months ending at that date. At the close of the calendar year it presents a statement showing the imports and exports during the twelve months ending December 31. The operations of the McKinley law ended August 28, 1894; therefore, the last full year of its workings shown by any official statement in detail would be the year ending June 30, 1894, which is usually termed the "fiscal year 1894." The Wilson law went into effect August 28, 1894; therefore, the first full year's statement in detail which can be had of its operations is the calendar year 1895. Naturally, neither the old nor the new law worked normally during the few weeks preceding or following the date at which the change was made—August 28, 1894—and a comparison of the fiscal year ending a few weeks prior to that date with the calendar year beginning a few weeks after that date is essentially a fair one to both laws. Besides, it is the only method of comparing official statements of the workings of the two laws during periods of equal length nearest to the date at which the old law ceased to be operative and the new one went into effect. A comparison, therefore, of the imports and exports during the fiscal year ending June 30, 1894, with those of the calendar year beginning January 1, 1895, places side by side the two yearly official statements obtainable which most nearly touch on either side the date at which the change was made from the old to the new law.

MISLEADING DEMOCRATIC PROMISES.

A good many of the 30,000,000 of people who are dependent on agriculture in this country, and who recall the fervor with which the Democratic statesmen denounced the McKinley law as hostile to the farmer, and characterized the Wilson law as one which would be greatly to his advantage, will be surprised to learn that under the Wilson law the imports of farm products in competition with their own labor have been much greater than they were under the McKinley law, while the exports of farm products have fallen off since the repeal of the McKinley law. The orators who denounced the McKinley law and favored the Wilson law insisted that they were legislating in a way that would protect the farmer and yet increase his sales abroad. That their promises were misleading, inaccurate, and untrue is apparent from a comparison of the actual workings of the new law with those of the McKinley law.

In all the great articles of farm production, such as wheat, barley, wool, hides, tobacco, meats, flax, breadstuffs, hops, hay, hemp, cotton, and others, the importations have largely increased under the new law, while in the same class of articles the exportations under the new law decreased. These statements, it should be remembered, are based on official figures furnished by the Treasury Department, covering the years most nearly touching the date at which the change was made from the McKinley law to the Wilson law. In the fiscal year ended June 30, 1894, the last fiscal year under the McKinley law, the exports of products of domestic agriculture amounted to $628,714,773. In the year 1895, the first calendar year under the Wilson law, the exports of products of domestic agriculture amounted to only $545,714,375. This was a falling off of $83,000,000 in the amount exported. That the new law actually discriminates against the farmer is shown by the fact that but 67 per cent. of the total exports of 1895 under the new law were agricultural products, while over 72 per cent. of the exports in the last year of the McKinley law were agricultural products.

THE OFFICIAL FIGURES.

The following tables show, from official reports of the Treasury Department, the imports and exports of farm products in the last fiscal year under the McKinley law compared with the first calendar year under the Wilson law. It may be worth while repeating the statement already made, that these two periods—the fiscal year ended June 30, 1894, and the calendar year beginning January 1, 1895—most nearly touch the date at which the change was made from the old to the new law of any annual periods covered by the official statements of the Treasury Department. The fiscal year 1894 closed two months before the end of the operations of the McKinley law, and the calendar year 1895 began four months after the Wilson law had begun its work. Each year's figures may, therefore, be assumed to present a fairly normal picture of the working of the two laws, and thus to give for the first time since the enactment of the Wilson law an absolutely accurate official comparison of their operations as affecting the great class of citizens of the United States dependent on agriculture. (For Tables see page 4.)

This statement shows conclusively that the low tariff, tariff reduction, tariff for revenue without revenue, such as we have now, has barred the access of American agriculturists to the markets of other countries of the world; that instead of the contention of the doctrinaires being worked out by actual observations and by actual conditions, we find ourselves being gradually driven out of the market and narrowed down in the sale of our agricultural productions to the markets of our own country, and those markets circumscribed and cut down to the aggregate demands for agricultural products under the depreciation in value of the manufactured products of the country which are driven out of foreign markets, and hence the reduction and decrease in the expenditures of the American laboring man and consumer. This is all I desire to say. The demonstrations which I will embody in my remarks are official, coming from Democratic sources alone, and they will more than prove the truth of my proposition.

Mr. RICHARDSON. Then do I understand that low tariff benefits the home market?

Mr. GROSVENOR. I say that it destroys the home market. I think you will find it plain when you read it.

Imports of farm products.

	McKinley law, fiscal year 1894.	Wilson law, calendar year 1895.
Hides	$17,270,637	$36,432,989
Tobacco	11,001,798	15,225,726
Wines	6,739,425	7,222,102
Wool	6,107,438	33,770,159
Leather	4,508,330	7,745,092
Cotton (unmanufactured)	3,010,205	5,171,099
Rice	2,464,226	2,955,329
Animals	2,411,066	3,365,123
Seeds	2,395,695	4,650,430
Breadstuffs (all)	1,981,317	2,886,736
Provisions (all)	1,797,847	2,106,130
Flax (unmanufactured)	1,336,845	2,239,920
Cheese	1,247,198	1,471,091
Hay	761,937	2,191,635
Wheat	761,177	1,121,789
Feathers	726,692	3,033,626
Hops	484,415	547,045
Barley	358,744	501,137
Hemp	239,918	1,212,243
Eggs	199,536	219,459

Exports of farm products.

	McKinley law, fiscal year 1894.	Wilson law, calendar year 1895.
Cotton	$210,869,298	$189,890,645
Breadstuffs (all)	166,774,558	125,604,486
Provisions (all)	145,262,273	132,456,843
Flour	69,271,760	50,292,886
Wheat	59,470,041	40,898,547
Lard	40,089,721	37,348,753
Bacon	38,338,357	37,411,944
Animals (all)	35,698,180	33,791,014
Cattle	33,455,092	26,997,701
Corn	30,211,154	27,907,766
Beef	16,696,583	16,522,018
Oil cake and meal	8,807,807	7,851,246
Seeds (all)	7,941,935	1,983,894
Cheese	7,180,232	3,401,117
Distilled spirits	5,676,936	1,685,460
Pork	5,067,773	4,430,155
Clover seed	4,540,822	1,126,618
Hides	3,972,487	2,835,947
Hops	3,844,194	1,745,945
Tallow	2,766,164	1,207,350
Flaxseed	2,426,284	31,076
Barley	2,379,714	1,485,038
Sugar and molasses	2,209,265	1,886,672
Oats	2,027,934	599,835
Vegetables	1,740,604	1,557,467
Hay	890,503	698,934
Broom corn	210,742	179,856
Rye	126,532	724

SILVER AND THE FARMER.

Present Prices and those of 1873.

From the Congressional Record of February 12, 1896.

THE INTEREST OF FARMERS.

Except the natural desire of every American to see all of our industries prosper, and out natural anxiety to do everything reasonable to bring about that result, what possible interest can farmers have in this move of the silver miners for their own special benefit? Our broad acres yield no silver, and we have no personal interest in the problem of finding a market for it. When in 1890 we were driven to a compromise with these men (who then as now controlled the Senate) whereby we undertook as a nation to do what we never have done for any other industry, namely, furnish a market for the WHOLE PRODUCT and more, what was the result?

These same men assured us then that the act of 1890 would "restore the price of silver and sustain it." By that act this nation obligated itself TO BUY every month 4,500,000 ounces of silver, or 54,000,000 ounces each year. This exceeded by far the entire product of the country; so that we really undertook to furnish a market not only for what was then being produced, but also for all that they believed the country capable of producing.

What was the result of the act of 1890? There were two:

1. After a short-lived increase in price, due to speculation based on the hope that silver would advance, the price of silver FELL FASTER AND FARTHER THAN EVER BEFORE IN HISTORY. Why was this? Simply because our production of silver, which had averaged annually 34,000,000 ounces for the ten years just preceding the passage of the act, leaped to 54,000,000 in 1891 and to 62,000,000 in 1892, and seemed capable of almost indefinite expansion. And, as a consequence, the price of silver was shown to be capable of almost indefinite fall.

2. The second and immensely greater result was the financial PANIC of the spring and summer of 1893. The repeal of the purchase clause of the act in August, 1893, ended the panic, though other causes have continued with us the industrial depression. In the spring and summer of 1893 it was almost impossible to borrow money on any kind of security. After the repeal of the purchase clause men with good security could borrow all the money that they wanted. As I said, the panic subsided, but the business depression still continues. There is plenty of money for investment, but few dare to risk it.

WHAT THE SILVER BARONS DID FOR US.

These were the deplorable results of yielding to the dictation of the silver barons in 1890. And similar in kind, but far worse in degree, would be the result of yielding to their present demand.

To come back to my question, What possible interest can farmers have in this problem which the silver miners are trying to solve, namely, of finding a market for their silver? What inducement do the silver producers hold out to the farmers to get them to co-operate in this scheme? They promise the farmers higher prices for their products. The sensible question which every thoughtful farmer will naturally ask is, Could they and would they keep their promise? Let us see what the chances are.

They claim that "silver would increase in value, and would carry with it the prices of farm products."

To say that there is any relation between the price of a metal dug out of our Western hills (depending for its value upon conditions peculiar to itself) and the price of any of the vegetable products of our fields (each of which depends for its value upon a set of conditions peculiar to itself)—to tell men that there is any relation between the prices of things so different in their nature and uses, is to insult the intelligence of those who are addressed.

But looking at it from another standpoint, let us see what the other probabilities are that the promise could be kept.

One would think to hear these gentlemen talk that silver production is one of the overshadowing industries of this country. Let us make a few comparisons.

The total value of the silver product of the United States in 1892, even when reckoned at the price before 1873, was $82,101,000, and this was the greatest yield in the history of our silver production (Mint Report, page 242).

FARM VALUE OF THE COTTON CROP.

According to the Statistical Abstract, page 267, the farm value of the cotton crop of this country in 1891 was $350,000,000; that of the wheat crop was, in round numbers, $400,000,000; and that of the corn crop was over $800,000,000. The value of the corn crop alone was ten times the value of the silver crop of this country, and four times the value of all the silver produced in the whole world that year. Why, sir, the clucking hens of our farms produce more wealth every year than these silver miners, who so patronizingly tell the farmers what they will do for them. (Applause.)

Now, let us look at some actual results. Take, for example, cotton, about which these gentlemen have so much to say. Let us compare the prices of that staple under conditions as fair as possible. To compare prices that had been inflated by a period of war (as those in the early 70's were) with those at the end of a long period of peace, is not a method by which the truth can be established. Let us compare the prices for some years at the end of a long period of peace, when we had "free silver," with those during a similar period now. Let us compare the prices from 1841-1849 with those of 1885-1894.

The following table is made from data furnished by the Agricultural Department. Material for the further study of the subject may be had by applying to the department for its pamphlet on Production and Prices of Cotton for 100 Years.

Production and prices of cotton in 1841-1849.

Year.	Crops.	Prices in New York.		
		Lowest.	Highest.	Average.
	Bales.	*Cents.*	*Cents.*	*Cents.*
1841	1,634,954	7	11½	9.50
1842	1,683,574	5	10½	7.85
1843	2,378,875	6⅛	8½	7.25
1844	2,030,409	5¾	9½	7.73
1845	2,394,503	5	6¾	5.63
1846	2,100,537	7	9½	7.87
1847	1,778,651	8½	13¾	11.21
1848	2,439,786	6	13	8.03
1849	2,866,938	5⅝	10⅝	7.55
Average	2,145,357	6⅜	10⅜	8.07

Production and prices of cotton in 1885-1894.

Year.	Crops.	Lowest.	Highest.	Average.
1885	5,706,615	9.7	10.7	10.54
1886	6,575,691	9⅛	10	9.44
1887	6,505,087	9⅛	11⅜	10.25
1888	7,046,833	9½	11	10.27
1889	6,938,290	$9\frac{11}{16}$	11½	10.71
1890	7,311,322	10¼	12⅝	11.53
1891	8,652,597	$7\frac{15}{16}$	10⅝	9.03
1892	9,035,379	$6\frac{11}{16}$	8¾	7.64
1893	6,700,365	$7\frac{3}{16}$	10	8.24
1894	7,549,817	6⅞	$8\frac{9}{16}$	7.67
Average	7,202,154	$8\frac{9}{16}$	$10\frac{3}{16}$	9.53

HIGHER PRICES SINCE 1885.

Even a very brief examination of the above figures will reveal several significant facts. Though the size of the crop was immensely greater each year of the second period than in the first, the price in the latter period never fell so low as in the former, while the average prices in the second period were much higher than in the first. These are New York prices; and, as it cost less for the planter to get his cotton to New York in the second period, the farm price has been thereby increased still further. Cotton, therefore, commands a better price to-day than when we had similar conditions under free coinage.

Farmer friends of mine in Minnesota have told me that before the war they have hauled wheat fifty miles to the market with an ox team, occupying days in each trip, and got forty-five cents a bushel for it in wild-cat money, which was in danger of being worthless when they got home. Yet in those days the mint was open to the "free and unlimited coinage of silver." (Applause.)

So much has been said by free silver orators to mislead farmers into the idea that everything was prosperous with them before 1873 and nothing has been since, that I submit now a paragraph that I have copied from the report of the Iowa State Agricultural Society for 1873. It is from an address delivered by C. H. Rogers at the Harrison County Fair, and gives a faithful picture of the situation at that time in that mighty State:

"Proud of these aspects and of her progress in practical agriculture, still the condition of the laboring man and farmer is far from what is desirable. They have worked, watched and waited for an adequate reward until weariness has well-nigh turned to helplessness. Farming has been a financial failure for the past three years. Hard toil has opened up fine farms and brought to the bins the products of unexampled harvests, but the sales have hardly paid expenses and bought cheap clothing until the coming harvest. There is no surplus to improve buildings, purchase thoroughbred stock and furnish the home with any of the luxuries of art and literature."

LOW PRICES IN 1873.

The Annual Report of the Iowa State Agricultural Society for 1873 gives the price of corn at the capital of Iowa in December, 1870, at 25 cents; in December, 1871, at 21 cents; in December, 1872, at 16 cents.

The price of all our staple products for every month in the year 1873 is preserved in the same report (the greenback prices, be it remembered) as follows:

Month.	Wheat.	Rye.	Barley.	Corn.	Oats.	Hay.
January	$0.95	$0.35	$0.40	$0.16	$0.20	$6.00
February	1.10	.35	.45	.17	.20	6.00
March	1.00	.35	.45	.17	.20	6.00
April	1.00	.35	.45	.18	.20	6.00
May	1.10	.45	.45	.22	.22	6.00
June	1.10	.35	.40	.23	.28	6.00
July	.85	.35	..	.20	.20	6.00
August	.85	.35	.50	.22	.20	5.00
September	.75	.45	.60	.22	.27	5.00
October	.75	.45	.70	.22	.27	5.00
November	.75	.40	.70	.22	.20	5.00
December	.85	.40	.70	.22	.23	5.00

The average price of pork in Iowa for the season of 1871-72 was $3.74, and for the season of 1872-73, $3.52.

Let any man turn to the files of his local paper during the administration of President Harrison and see how actual farm prices compared with the above.

SILVER AND THE DEBTOR

"But if there is any debtor who fancies that the election of a free-silver President and Congress would be of advantage to him, let him not be deceived."

From the Congressional Record of February 12, 1896.

There are some men now struggling with debt who have felt themselves tempted to support the free coinage of silver just because it would debase our currency, or, as they say, would give us a cheaper dollar and enable those who are in debt to pay more easily. In answer to the chidings of conscience they have said: "The dollar has been raised in value by legislation, now let it be lowered for a while in the same way." If the first part of their statement were true there would be both justice and reason in their demand; but as the premises are false the conclusion is unwarranted. There is only one way for an honest man to do, and that is, exactly as he agreed to do. His moral obligation is discharged only when he returns the kind of money that he borrowed.

But if there is any debtor who fancies that the election of a free-silver President and Congress would be of advantage to him, let him not be deceived.

The men chosen this fall will not take their seats until the 4th of March next, four months afterward. Unless convened in extra session, the Fifty-fifth Congress will not assemble until nine months later still.

Let us suppose that the advocates of free silver sweep everything before them, capturing the Presidency and the House, and continuing to control the Senate. What would be the natural thing to expect? What would you do if some one owed you and you were not protected by a gold clause in the contract? You would demand what was coming to you. Every man having an obligation coming due would, in self-defense, demand all that might be coming to him while he could still get paid in money of full value. Debtors would be compelled to pay up at once or give new and better security with a promise to pay in money of the present standard. On the maturing of their obligation they would certainly have to pay an enormous premium for the kind of money required. They would not escape making payment in money of the present standard, and would have to take their chances of getting enough more for their products to enable them to make the payment without actual loss. They certainly would not gain anything, and would take all the risk of losing—losing not only the premium which they would surely have to pay, but depending upon the forbearance of their creditors not to lose all they possess.

And what is the probability of the creditor being able and willing to grant concessions? Depositors in banks would withdraw their deposits. This would compel the banks to call in their loans. The four months between election and inauguration would be strewn with the wrecks of business houses now giving employment to millions of people. Gaunt ruin would stalk through the land, visiting every city, every village, every neighborhood, carrying down to destruction the bravest and best of the captains of industry. Panic, unreasoning panic, would seize the people. We know what even the possibility of going to the silver basis did in 1893; who can compute the effect that would be produced by the absolute certainty of its early arrival? The financial storm that swept over this country in 1893 would be a gentle zephyr compared with the cyclone which would then overtake us.

Creditors, as a rule, would therefore be unable, no matter how well disposed, to grant concessions to those who were owing them. Ninety-nine per cent. of those who are in debt would be swept away. We who are in debt, sir, are the ones most vitally interested in the defeat, the overwhelming defeat, of every proposal for the free coinage of silver.

Bryan on the Tariff.

EXTRACTS FROM HIS SPEECHES IN THE HOUSE OF REPRESENTATIVES,
MARCH 16, 1892, AND JANUARY 13, 1894.

"The law laid down in these cases is sound, and justifies us in declaring that this Government has no right to use the taxing power either directly by bounty or indirectly by a protective tariff." [Extract from Bryan's speech, January 13, 1894.]

"That is the inspiration of the Democratic party; that is its aim and object. If it comes, Mr. Chairman, into power in all of the departments of this Government, it will not destroy industry; it will not injure labor; but it will save to the men who produce the wealth of the country a larger portion of that wealth. It will bring prosperity and joy and happiness, not to a few, but to every one without regard to station or condition." [Extract from Bryan's speech, Wednesday, March 16, 1892.]

(From the Congressional Record.)
Washington, D. C.

I desire to say that I am in hearty sympathy with the majority of the committee in its decision to attack the tariff in detail; and I think that the bills which have been reported and the bills to be reported will fully answer the argument of the gentleman that we are making only a slight assault upon the system.

* * * * * * * * *

The reduction which we have made in the tariff upon manufactured articles is a great reduction in existing schedules. It is not as great a reduction as might be made. I believe that we have left far more tariff than can be shown to be necessary to provide for any difference, if there be any difference, between the cost of manufacture here and abroad. But I am led to agree to this moderate reduction of the tariff upon manufactured articles for two reasons: first, because, in going from a vicious system—and I believe that our present system is a vicious system, created by the necessities of war and continued by favoritism—because, I say, in going from a vicious to a correct system the most rapid progress can be made by degrees.

PROTECTIONISTS COMPARED TO PICKPOCKETS.

There is a difference between a man coming to this Congress and demanding that other people shall be subjected to a tax for his benefit and a demand on the part of those taxed to be relieved of the burden. Is there not a difference between these these two principles? It seems to me that the difference is as marked as between day and night. It is simply this difference, sir: The man who says, "Impose upon somebody else a tax for my benefit," says what the pickpocket says, "Let me get my hand into his pocket;" but the man who says, "Take away the burdens imposed on me for other people's benefit," says simply what every honest man says, "Let me alone to enjoy the results of my toil." I repeat, is there not a difference between these two principles?

I want to state, as emphatically as words can state it, that I consider it as false in economy and vicious in policy to attempt to raise at a high price in this country that which we can purchase abroad at a low price in exchange for the products of our toil. [Applause on the Democratic side.]

EVERYTHING SHOULD BE ON THE FREE LIST.

I WILL SAY THIS, THAT SPEAKING FOR MYSELF, I SHALL BE GLAD TO PUT ON THE FREE LIST NOT ONLY THE MACHINERY FOR MANUFACTURING BINDING-TWINE BUT FOR MANUFACTURING ALL THINGS.

MR. McKENNA. DO YOU REALLY BELIEVE THAT THE PROTECTIVE POLICY IS SIMILAR TO THE PICKPOCKET'S POLICY OF PUTTING A MAN'S HAND INTO ANOTHER MAN'S POCKET AND EXTRACTING MONEY FROM IT?

MR. BRYAN. YES, THAT IS MY BELIEF.

Mr. McKENNA. Now, then, one other question. You can answer it all together. If that is so, how do you justify your position, not in economics, but in morality, for reporting a bill which leaves 39 per cent. taxes on woolen clothing?

Mr. BRYAN. Mr. Chairman, if I found a robber in my house who had taken all I had, and I was going to lose it all or else get one-half back, I would take the half. [Laughter and applause on the Democratic side.] I will ask the gentleman from California whether he would refuse to give the people any relief because he could not give all that he wanted to give?

Mr. McKENNA. No.

Mr. BRYAN. Then we agree. [Applause.]

Mr. McKENNA. No, we do not. If I was in a position of power, being a member of the Committe on Ways and Means, and believed that my vote would relieve this country from a system of policy which was simply a system of pickpocketing, I would never consent to vote for a bill that way.

Mr. BRYAN. In that respect the gentleman from California and the gentleman from Nebraska do not think alike.

* * * * *

MR. BRYAN ANSWERED.

Under your protective party banner you went to the country and boasted that you had fastened on the people a law which they could not change for ten years. But you were as ignorant of the power of the people as you were careless of their welfare. You say that we deceived them ; that we exceeded you in misrepresentation. You have the consolation of knowing that if we did it was the first time we ever went beyond you in that respect. [Laughter and applause on the Democratic side.] But we did not. Because as a successful fabricator the average Republican will be recognized as one the latchet of whose shoes we are unworthy to unloose. [Laughter on the Democratic side.]

No; the people knew what you were doing; they knew what you had done, and they rose in their might and hurled you from power, and to-day the once proud Republican party, that used to take the election of President as a matter of course, thinks it worth while to announce to this body through the gentleman from New York [Mr. RAINES] that the Republican party has made a gain in supervisors in New York. [Laughter and applause on the Democratic side.]

Mr. RAINES. Let me suggest to the gentleman that all the people are getting as a result of the change is free wool, free binding-twine, and free cotton ties.

Mr. BRYAN. I only hope, Mr. Chairman, that what the gentleman says is true, and that they will get these things. I hope that the body at the other end of this Capitol, which differs from us in the political complexion of its majority, will not stand between the people and this relief. [Applause on the Democratic side.]

Yes, sir; they boasted that nothing could be done; that they had the people bound hand and foot. Where are those conspirators to-day? Where the men who were the most largely instrumental in fastening that iniquitous legislation on this country? When they went back to their people the expression of confidence was in the other man.

Mr. RAINES. ONE OF THEM IS GOVERNOR OF OHIO.

PROTECTION COMPARED TO THE CANNIBAL TREE.

Out in the West the people have been taught to worship this protection. It has been a god to many of them. But I believe, Mr. Chairman, that the time for worship has passed. It is said that there is in Australia what is known as the cannibal tree. It grows not very high, and spreads out its leaves like great arms until they touch the ground. In the top is a cup, and in that cup a mysterious kind of honey. Some of the natives worship the tree, and on their festive days they gather around it, singing and dancing, and then, as a part of their ceremony, they select one from their number, and, at the point of spears, drive him up over the leaves onto the tree ; he drinks of the honey, he becomes intoxicated as it were, and then those arms, as if instinct with life, raise up ; they encircle him in their folds, and, as they crush him to death, his companions stand around shouting and singing for joy.

Protection has been our cannibal tree, and as one after another of our farmers has been driven by the force of circumstances upon that tree and has been crushed within its folds his companions have stood around and shouted, "Great is protection "

THE PROMISES OF 1892.

That is the inspiration of the Democratic party; that is its aim and object. If it comes, Mr. Chairman, into power in all of the departments of this Government it will not destroy industry; it will not injure labor; but it will save to the men who produce the wealth of the country a large portion of that wealth. IT WILL BRING PROSPERITY AND JOY AND HAPPINESS, NOT TO A FEW, BUT TO EVERY ONE WITHOUT REGARD TO STATION OR CONDITION.

[From his Speech, January 13, 1894.]

HIGH PRICE OF AGRICULTURAL PRODUCTS.

Mr. BRYAN. I will append to my remarks a brief table showing that the balance of trade was against us $2,000,000 in 1889; was in our favor $68,000,000 in 1890; that the balance in our favor fell to $39,000,000 in 1891, and then rose to $202,000,000 in 1892; and from that great height fell to $18,000,000 against us in 1893, the last-named year ending before the Democratic Administration had been in control five months, and before any change occurred in our tariff laws.

The table also shows that the great increase in exports in 1892 over 1891 was due entirely to the large amount and high price of agricultural exports for that year. The increase in agricultural exports alone was greater by $11,000,000 than the total increase in exports of all kinds, while the value of exports of manufactured products fell off more than $10,000,000 from 1891 to 1892, and a half-million more in 1893. Manufactured products constituted 19.37 per cent. of our total exports in 1891, and only 15.61 per cent. in 1892, while the agricultural exports constituted 73.69 per cent. of the total in 1891, and 78.69 per cent. in 1892, while they fell to 74.05 per cent. in 1893. The export price of wheat in 1891 was 93 cents per bushel; in 1892, $1.03; and in 1893, 80 cents. The export price of corn meal and wheat flour rose in 1892 and fell in 1893.

DEFENSE OF THE WILSON BILL.

The Wilson bill is not drawn in absolute conformity to any one of these plans. The committee has recognized that it had to deal with a system vicious in principle and yet present with us, and it seemed wiser to make a journey toward an ultimate revenue tariff than to attempt the accomplishment of it by a single enactment. The bill makes many reductions of prohibitory duties, so that in such cases the revenue will be increased rather than diminished. ON OTHER ARTICLES IT BOTH REDUCES THE RATE OF DUTY AND THE AMOUNT OF REVENUE, believing that the tax is greater than the people should bear even for revenue on those particular articles.

One very important feature of the bill is the addition to the free list of several articles classed as raw materials. Perhaps, technically speaking, there is nothing separated from realty and having value which can be called absolutely raw material, but, commercially speaking, those things are called raw material which lie at the basis of great manufacturing enterprises, and which are only utilized after conversion into a finished product.

Wool, for instance, is the chief raw material in the woolen industry, and it has been placed upon the free list. * * *

Speaking for myself, it is immaterial in my judgment whether the sheep-grower receives any benefit from the tariff or not. Whether he does or does not, whether the wool manufacturer collects a compensatory duty from the consumer of woolen goods and pays it over to the wool-grower, or collects it and keeps it himself, or dosen't collect it at all, and thorefore does not need it, I am for free wool.

THE WHOLE SYSTEM OF PROTECTION DEPENDS UPON A CORRUPT CONSPIRACY BETWEEN THOSE WHO SHARE, OR THINK THEY SHARE, THE PLUNDER WHICH IT SECURES.

Coal is another raw material placed upon the free list. The duty on coal is indefensible.

FAVORS OPENING THE FLOOD-GATES OF FOREIGN COMPETITION.

I BELIEVE THAT INSTEAD OF PREVENTING FOREIGN COUNTRIES FROM DELUGING US WITH SOMETHING WHICH THEY CAN SELL US CHEAPER THAN WE CAN PRODUCE IT, WE HAD BETTER LET THE FLOOD COME.

Mr. TURPIN. I would like to have my friend tell me how the committee justifies itself in putting coal on the free list and wool on the free list, and yet allowing Mr. Sloane's factory in New York a duty of 35 per cent. when he is selling carpets in Dublin, Ireland, at a profit.

Mr. BRYAN. I do not believe Mr. Sloane needs a single cent of protection.

Mr. PICKLER. What do you give it to him for, then?

Mr. TURPIN. That is what we want to know.

Mr. PICKLER. Why is it that you put wool on the free list to the detriment of us wool-growers? Why don't you put the products of Eastern manufacturers on the free list?

Mr. BRYAN. Will you help us to do it?

Mr. PICKLER. I will help you thus far. I am in favor of protecting all industries alike to a reasonable extent. I am not in favor of making the farmer bear all the brunt, as you make him do in this bill, and yet give protection to the manufacturers in the East. [Applause.] That is what you do by this bill.

Mr. BRYAN. The gentleman from South Dakota [Mr. Pickler] was complaining to-day because we would not allow the egg producers of this country to tax the egg consumers, and as long as he asks for a tariff on eggs he must submit to it on manufactures.

Mr. PICKLER. Would not the gentleman do well to take more care of the wool-growers and egg producers and let the representatives of the consumers of those products take care of them? The gentleman had better take care of the farmers of the North-west, whom he in part represents.

SOMETHING THAT DOES NOT BENEFIT THE FARMER.

Mr. BRYAN. If the gentleman who represents the farmers of South Dakota, would help to take care of the farmers instead of standing up for 98 per cent. duty on the woolen goods which his people wear and for an average of 50 per cent. on the tariff schedule, he would do them a better service.

Mr. PICKLER. Our people do not pay a cent of that. We do not wear broadcloth out there. [Laughter]. * * *

I want to revert to my original question. I want the gentleman to justify himself and the committee in putting farm products on the free list and yet protecting the Eastern manufacturer.

Mr. BRYAN. Mr. Chairman, this bill brings to the farmer—

Mr. PICKLER. Nothing.

Mr. BRYAN. Ten dollars for every dollar it takes from him.

Mr. PICKLER. It brings him nothing. It stabs him at every corner. * * * * * How about barley?

Mr. BRYAN. The tariff on barley is a tariff from which some may receive a benefit, and we left a tariff on barley.

Mr. PICKLER. Not enough to do any good. You reduced it from 30 cents to 10 cents. It will not keep a bushel of Canadian barley out of this country.

Mr. TURPIN. I want simply to remind my friend that he has answered the gentleman from South Dakota, but the "gentleman from Alabama" he has not answered.

Mr. BRYAN. Repeat your question, please.

Mr. TURPIN. I asked why it was that you put coal and wool on the free list and allowed the carpet manufacturers, Mr. Sloane for instance, to retain a duty of 35 per cent. I ask if you do not think that as there is a duty of 75 cents a ton on iron ore and coal, and from this we received nearly a million dollars revenue on each last year; if they lower it to 50 cents, on which no doubt there would be a revenue of $4,000,000 or $5,000,000, do you not think it would be better to have a small duty on those things and a lesser one on carpets, that you say do not need any protection, and thus increase the revenue on all three of these articles?

Mr. BRYAN. Mr. Chairman, in the first place, I believe we can make no permanent progress in the direction of tariff reform until we free from taxation the raw materials which lie at the foundation of our industries; and I believe in free iron ore, whether we leave the tariff at 35, 25, or 5 per cent. upon carpets. A tariff of that kind on carpets may be too high now. I think it is not necessary even for the purpose of protection, as I have already stated.

Mr. TURPIN. Then why did you put the duty on?

Mr. BRYAN. I think the duties all the way through this bill are higher than necessary, and I favor the bill, not because of its perfection, not because the duties are brought down as low as they might be, but because the bill is infinitely better than the law which we now have, and is A STEP IN THE RIGHT DIRECTION. [Loud applause.]

IRON ORE, LUMBER AND THE SUGAR BOUNTY.

Iron ore was placed upon the free list for the same reason that wool was made free. It is the basis of a great manufacturing industry.

Rough lumber has been placed upon the free list, and only a slight duty retained on planed and grooved boards. We found a rate of 34.12 per cent. and left a rate of 23-65.

Now, Mr. Chairman, there is another provision in this bill to which I shall very briefly invite your attention. The bill provides for a gradual repeal of the sugar bounty—one-fourth of one cent to be dropped each year. It also reduces the tariff on fine sugar one-half. I believe that this is the best solution possible at this time of the difficulties surrounding this schedule. Some have advocated the immediate repeal of the bounty and the impos tion of a tariff on sugar. Others have favored the repeal of the bounty without a duty on sugar. I do not believe it is possible to secure the passage of this bill through both Houses unless it provides either for a tariff on imported sugar, or for a bounty on sugar produced in this country. When I was compelled to choose between a gradual reduction of the bounty and the restoration of a sugar tariff I chose the former without hesitation.

THERE IS NO QUESTION THAT WE TO-DAY MANUFACTURE SHOES AT A LOWER COST PER SHOE THAN ANY COUNTRY IN THE WORLD, AND YET THE WAGES PAID PER DAY ARE PROBABLY DOUBLE THE WAGES PAID IN THE SAME INDUSTRY IN ANY OTHER COUNTRY. I AM WEARING A PAIR OF SHOES MADE BY THE MORSE-COE SHOE COMPANY OF OMAHA, NEB. NO SHOE FACTORY IN FOREIGN LANDS APPROACHES THEM IN WAGES PAID, AND YET THEY CAN PRODUCE A SHOE EQUAL IN QUALITY AND PRICE TO THOSE PRODUCED ABROAD. WE HAVE ONLY LEFT 20 PER CENT ON BOOTS AND SHOES IN THE PRESENT BILL AND HAVE REDUCED THE TARIFF ON UPPER AND SOLE LEATHER.

HOME OF THE AMERICAN WORKINGMAN.

The gentleman from Pennsylvania [Mr. BROSIUS], who lives in the very strong-hold of protection and, therefore, knows whereof he speaks, made a speech on the tariff less than two years ago, and in the course of the speech described a laboring man's home. Let me read this description, for I am sure the House will be delighted to know just how the average Pennsylvania workingman's house is furnished. The gentleman from that State [Mr. BROSIUS] was describing the scene as it would appear to one of our forefathers if he could return to the haunts of men. Here is the picture:

"The vision of the cosy little parlor strikes him with wonder. The paper on the wall, exceeding in richness of coloring anything he had before seen; the pictures, the softly-cushioned chairs, the finely painted woods, the family photographs on the mantel, the clock ticking in the midst, the gaudy chandelier, the melodeon in the corner, with its polished case and ivory keys, are all objects of splendor such as he had never before seen. The extravagance of the window curtains, which seemed to him of the finest lace, might well call down his condemnation. Looking in the next room he sees a lady dressed like a governor's wife. The snow white sugar, the china cups, and the white tablecloth all excite his curiosity. He looks in the bedroom and piles of pure white linen and muslin apparel greet his vision. He hears a sound in the direction of the parlor, and he sees as he turns to follow it two beings enter whom he at first glance takes for fairies. They are two little children dressed in a profusion of muslin garments with such decorations of stitchwork that he feels like condemning such extravagance.

"Is it possible, he says, that the rich men of our posterity will be allowed to make such a display of their extravagances. Michael now breaks in upon his wonder with the inquiry: 'Who do you think lives in this house?' The deacon replies: 'I suppose some governor or, more likely yet, some wealthy nobleman who came over here from England to corrupt our people by his ostentation and extravagance.' Michael now disillusioned his mind by saying: 'Not at all, my good fellow; the man who lives in this house is a bricklayer.'" [Laughter.]

AYE, SIR, IF THIS BILL IS SECTIONAL, IT IS NOT DRAWN TO GIVE SPECIAL PROTECTION TO THE INTERESTS OF THE SOUTH; BUT THE SOUTH IS JUSTIFIED IN VOTING FOR IT. WHY? BECAUSE, SIR, YOU CAN NOT AID THE SOUTH AND WEST BY MEANS OF PROTECTION.

THE LAW LAID DOWN IN THESE CASES IS SOUND, AND JUSTIFIES US IN DECLARING THAT THIS GOVERNMENT HAS NO RIGHT TO USE THE TAXING POWER EITHER DIRECTLY BY BOUNTY, OR INDIRECTLY BY A PROTECTIVE TARIFF.

The idea of commercial freedom had its birthplace in the North, but it has spread over the States of the South and the West, and it will come back from these great sections and conquer the land in which it had its birth. [Applause.] Let us not stir anew the dying embers of civil strife. I DID NOT LIVE THROUGH THOSE DAYS. IT WAS NOT MY GOOD FORTUNE TO BE PERMITTED TO SHOW MY LOYALTY TO THE UNION OR MY DEVOTION TO A STATE.

SENATOR SHERMAN ON THE ACT OF 1873.

SPEECH
OF
HON. JOHN SHERMAN
OF OHIO,

IN THE SENATE

August 30, 1893.

EXTRACTS FROM THE SPEECHES OF
SENATORS STEWART and JONES
OF NEVADA.

IN THE U. S. SENATE

SENATOR WILLIAM M. STEWART, of NEVADA, said:

We have resources abundant to get the gold. Forty million people can furnish all the money that is necessary. They will get it. When gold is invited to a country like this, with such an industrious people as we have, with our industry and our resources, I say there will be no difficulty about getting sufficient gold.

Why, sir, everything we have got is measured by gold. Your greenbacks are measured by gold. But your contrivance is so uncertain that the middle man reaps all the reward, while the producer is robbed continuously. If you are going to have gold in this country, you must make a demand for gold by using it. * * * In every country where gold has been treated unkindly, where the Government has favored a depreciated currency, gold has left the country. Gold left France at the time she undertook this same experiment. Gold left England when she allowed irredeemable paper to be circulated, and she had to go back to the regular standard before she could get it back. Gold left Holland in the same way. * * * You have legislated gold out of your country. Invite it back, and forty million people will get you all the gold you want. * * * You will have all the gold you need as a regulator, as a basis for your currency, and it will come very shortly. Then we shall have prosperity based upon a certainty. —February 20, 1874, Congressional Record, Page 1678.

The question never will be settled until you determine the simple question whether the laboring man is entitled to a gold dollar if he earns it, or whether you are going to cheat him with something else.

That is the upshot of the whole thing. The people will hold right on to that, and they will come to the conclusion, "I am entitled to just as good money as my neighbor," and to that party they will all finally come until it will get to be a big party. It was a little party in England once, but it grew wonderfully. It has been a little party in this country occasionally, but under Silas Wright, Tom Benton, and Calhoun, and others, it grew to be the party of the country. The Whig party had to adopt it and put it into their platform in order to get along at all. Everybody had to say that the laboring man was entitled to a good dollar. That was fought over. They will fight it over again and the same party will win. There have been a great many battles fought against gold, and gold has won every time. Gold never has compromised. You say you have got up a compromise bill on the question whether gold shall be respected. Gold has made the world respect it all the time. The English people once thought they could get along without gold for awhile, but they had to go back to it. June 12, 1874, Congressional Record, Page, 4909.

Let everybody know what a dollar is worth. Then the man who goes West to buy produce will be under no necessity to insure himself against the fluctuations of the currency. He can pay the full value of the wheat then without the fear that a change in the price of gold will break him down before he gets back to New York. The wheat will be measured by the same standard, gold—in Illinois as it is in Liverpool, and any man can figure it up. But now it is a mystery; the whole subject of finance is a mystery; and what do we see every day? We see those who devote their attention to it making large fortunes out of this mystery. **Let us do as all the people of the world have been doing from the beginning, measure our values by gold,** adopt the standard that all can understand, and get rid of this mystery.—February 11, 1874, Congressional Record, Page 1302.

I do not care how much you discuss it or how many resolutions you may pass; they do not make any difference; you must come to the same conclusion that all other people have—that gold is recognized as the universal standard of value. It is the measure that must be used. It is the measure by which your wealth must be tested; and whether it be pennies or millions matters not, it is the measure that must test all wealth. The wealth of the United States is tested by the same rule. It has been and always will be the touchstone of measurement, and when you depart from that and try to figure up any other measure which the world does not recognize, you get into confusion. Attempting to reconcile them it is idle to talk about. It is idle to talk about compromising on any other measure of value; the world will not accept it. We have the experience of every nation that has tried it, and it has been tried in almost every civilized nation. * * * * Do not let us try to deceive the American people; do not let us try to make them believe by some hocus-pocus of legislation that we can give them something of real value, we can give them a measure of value that is better than the universal standard of mankind. Do not deceive them in that regard. Let them know the facts now. —June 11, 1874, Congressional Record, Page 4867.

I believe that it would be highly injurious to this country to again inflate the currency. * * * I need not enlarge upon the evils of a depreciated currency. This country has felt them too severely to require that I should mention them. It matters not what kind of a depreciated currency you have, it necessarily entails many evils.—January 23, 1874, Congressional Record, Page 865.

I say a depreciated currency is attended with many evils. The middle-men provide against it. In shipping grain, as was illustrated, from Illinois to Liverpool, every person who handles that grain will insure himself against these fluctuations. He will charge a higher commission. If the grain is to remain in his possession step by step he will insure against fluctuations, and every one between the producer and consumer will insure himself against them. It is not a fact with a fluctuating currency that the value of wheat in Illinois is the price in Liverpool, less the cost of transportation to Liverpool. When you have a depreciated currency you have not only to take into account transportation, but you have to take into account the insurance that every man who handles the wheat will take against the change in price in gold constantly coming upon him. It gives speculators and middle-men a chance to cut both ways and eat up the consumer and the producer. * * * But suppose you adopt what the world adopts as the measure of value for your currency, then what will you have? Then you can have all the currency which you have got money to buy. You will have the world's currency. You can have all the money then that you have got the representative of value for. You can have the inflation then on a sound basis,

* * * Sir, you want currency enough to do the business of the country, and when you adopt the measure of value that the world recognizes you will have sufficient money to do the business of the country with, the same as they do anywhere else, because, if you have got crops to move and you have a necessity for money, the world will come to your aid at once, but if you have a depreciated currency that drives all the rest out, that prevents your using gold, then you will have these same difficulties. * * * **If you adopted the universal measure of value—gold—as your basis, then your circulation would be flexible, and it would be much harder to make a "corner" on the gold in this country, on the circulation of the country, which would distribute itself according to the laws of trade throughout the country.** —January 23, 1874, Congressional Record, Page 866.

We hesitate whether we will give the laboring man a dollar which has purchasing power enough to support him. We hesitate whether we will stop the speculation in gold in New York. We hesitate whether we will take out of the hands of the middle-men the capacity to eat up the wealth of the country. We hesitate whether the profits of this land shall all concentrate in the commercial centres, where money is the object of trade, where organizations are formed for the purpose of getting rich on your depreciated currency and robbing the producer. We hesitate whether we shall be honest and fair; the Senate hesitates, and the Senators appeal to the people in speeches and call upon them to throttle the banks, to throttle the monopoly, to bring down the rate of interest. This proposition is the very thing that throttles dishonesty, and it is the very thing we want.—February 20, 1874, Congressional Record, Page 1677.

* * *

Speech of Senator Sherman.

August 30th, 1893.

MR. SHERMAN said:

I wish now to call attention of the Senate to the coinage act of the United States, and especially to the act of 1873, which has been the subject of so much misrepresentation and falsehood in this debate. I propose, not on my own account, but for the benefit of the distinguished officers of the Government who participated in this legislation, to show in the most unequivocal manner, the deception and falsehood, largely the result of cowardice, that has been uttered in respect to the act I refer to.

When the coinage ratio was fixed by Alexander Hamilton of 15 ounces of silver as the equivalent of 1 ounce of gold, it was substantially equivalent to the market ratio, but the constant tendency of silver to decline in relative value had been going on for years and continued in an almost imperceptible degree, so that when the French standard was fixed at 15½ to 1, the little gold then in the United States was exported, and silver alone was the coin in circulation.

Mr. MILLS. About what time was the French standard fixed at 15½?

Mr. SHERMAN. It was in 1803, I understand. At that time and for many years, foreign silver coins were largely circulated as money in the United States, mostly in worn and depreciated coin worth less than its nominal value. This caused the silver dollar, then coined in small quantities, to be melted, as more valuable than the coin then in circulation.

MR. JEFFERSON DISCONTINUED THE COINAGE OF SILVER.

Up to that time I believe the whole amount of silver dollars was less than $2,000,000. I am quite sure of it. Mr. Jefferson, in 1806, discontinued the coinage of the silver dollar, and for thirty years not a dollar was issued. Our currency was either the paper of State banks, fractional coins, or depreciated foreign silver coins. A friend of mine here said he knew of a large payment being made for a farm in silver dollars during this period; but I soon satisfied him that that was a mistake. However, the Spanish milled dollar and the Mexican silver dollar still contiuued to be the legal standard of money in this country until 1873, some of it at least.

Mr. COCKRELL. Up to 1857, the Senator will remember.

Mr. SHERMAN. To 1857, but I think some of it was kept until 1873.

Mr. COCKRELL. It was full legal tender up to 1857, and being such was not recoined.

Mr. SHERMAN. So the only dollars then in circulation in this country were dollars of foreign manufacture. After the action in 1835, etc., they were beginning to be coined more or less, but almost entirely for the Chinese trade. They were exported there during and since our civil war, at the time when specie payments were suspended in all parts of our country except in California. Practically no gold coin was then in circulation. This continued until June 28, 1834, when, in order to secure gold in circulation, the ratio was changed to 16 of silver to 1 of gold. The object of this change was distinctly stated, especially by Mr. Benton, who said:

> To enable the friends of gold to go to work at the right place to effect the recovery of that precious metal which their fathers once possessed; which the subjects of European kings now possess; which the citizens of the young republics to the South all possess; which even the free negroes of San Domingo possess; but which the yeomanry of this America have been deprived for more than twenty years, and will be deprived forever unless they discover the cause of the evil and apply the remedy to its root.

THE ACT OF 1853.

By the act of 1834, superadded to by the act of 1837, the ratio of 16 to 1 instead of 15 to 1 was adopted. The result was that gold coins were largely introduced and circulated; but as 16 ounces of silver were worth more than 1 ounce of gold, the silver coins disappeared, except the depreciated silver coin of other countries, then a legal tender. To correct this evil, Congress February 21, 1853, provided for the purchase of silver bullion. That was the first time the Government had ever undertaken to buy bullion for coinage purposes, so far as I now remember. It provided for the purchase of silver bullion and the coinage of subsidiary silver coins at the ratio of less than 15 to 1.

As the value of these coins was less than gold at the coinage ratio, they were limited as a legal tender to $5 in any one payment. They were, in fact, a subsidiary coin made on Government account, and, from their convenience and necessity, maintained in circulation. They are the very coins now in use, revived and re-enacted by the resumption act of 1875.

It was not the intention of the framers of this law to demonetize silver, because they were openly avowed bimetallists, but it limited coinage to silver bought by the Government. They saw in this expedient a way in which silver could be more generally utilized than in any other. Mr. R. M. T. Hunter, an avowed bimetallist, in a report to theUnited States Senate, said:

> The mischief would be great indeed if all the world were to adopt but one of the precious metals as the standard of value. To adopt gold alone would diminish the specie currency more than one-half; and the reduction the other way, should silver be taken as the only standard, would be large enough to prove highly disastrous to the human race.

He evidently did not consider the purchase of silver bullion at its coinage value by the Government, instead of the free coinage of silver, as monometallism.

WAS NOT SILVER DEMONETIZED IN 1835 OR 1853?

After the passage of the act of February 21, 1853, gold in great quantities, the product of the mines in California, was freely coined at the ratio of 16 to 1, and was in general circulation. If, then, the purchase of silver instead of the free coinage of silver is the demonetization of sliver, it was demonetized practically in 1835, and certainly in 1853, when the purchase of silver and its use as money increased enormously. In 1852 the coinage of silver was less than $1,000,000. In the next year the coinage of silver rose to over $9,000,000, and reached the aggregate of nearly $50,000,000 before the beginning of the Civil War. Then, as now, the purchase of silver bullion led to a greater coinage than free coinage.

This was the condition of our coinage until the war, like all other great wars in history, drove all coins into hoarding or exportation, and paper promises, great and small, from 5 cents to $1,000, supplanted both silver and gold.

Now we come to the act of 1873, which dropped from the coin the silver dollar. THE CHARGE HAS BEEN MADE OVER AND OVER AGAIN THAT THIS WAS SURREPTITIOUSLY DONE; THAT IT WAS DONE UNDER COVER IN SOME WAY. THAT HAS BEEN CLEARLY DISPROVED BY THE EXHIBITION OF THE PUBLIC RECORDS, AND IT SEEMS TO ME THAT EVERY INTELLIGENT MAN OUGHT NOW TO HAVE

SEEN THAT FACT. But there has been a repetition of that imputation. It was an imputation against the whole mass of the Forty-second Congress, and yet in conventions no doubt of honest and good people—I do not in the least disparage them—they denounced the act of 1873 as a fraud and as a crime; yes, it was the crime of 1873.

THE INNER HISTORY OF THE ACT OF '73.

My name is not mentioned in these accusations, but I was chairman of the Committee on Finance, and had charge of the bill here; and I prefer to show exactly what was done. BUT THE GREAT ACT OF 1873 IS THUS STAINED BY THE IMPUTATION OF OUR OWN COUNTRYMEN, AND I INTEND TO PRODUCE THE PUBLIC RECORDS AND MAKE THIS MATTER PLAIN AND CLEAR, THAT THE WHOLE HISTORY OF THAT LAW FROM BEGINNING TO END WAS HONORABLE TO CONGRESS, FREE FROM CORRUPTION, OPEN AND INGENUOUS, FRANK AND FULL. I WILL PLACE IT UPON THE PUBLIC RECORDS, AND HEREAFTER WHEN ANY MAN MAKES SUCH AN IMPUTATION I WILL SIMPLY SAY THAT IT IS A FALSEHOOD, AND I BRAND IT SO NOW IN ADVANCE.

What is the history of that bill? I have here the original bill. It was a bill framed in the Treasury Department. It did not come into Congress in the ordinary way, but it was framed in the Treasury Department by a distinguished body of experts, every one of whose names is now borne with honor wherever it is mentioned. Most of them are dead, but some of them are living. Mr. Pollock, long a Director of the Mint; Mr. Secretary Boutwell, who, as I shall show you, claims to be the author of the bill, and properly so, because he was at the head of the department; Mr. John Jay Knox, who held the office of Deputy Comptroller of the Currency; Mr. Linderman, who was Director of the Mint; Mr. Patterson, who was Superintendent of the Mint at Philadelphia, and a whole host of other experts, framed that bill after a most elaborate correspondence, which is contained here in the official documents communicated to Congress at the time.

COPIES OF THE BILL WERE WIDELY CIRCULATED.

So the whole matter was open. They circulated thousands of copies of the bill to everybody who desired to read it, or could be prevailed upon to read it, in order to get the sense and judgment of the experts of our country in respect to the coinage, and those answers are here printed in a public document communicated to Congress upon the call of the House of Representative before a single step was taken on the bill.

Mr. ALDRICH: That was in 1870?

Mr. SHERMAN: Yes; I will give the dates in a moment. These were men of untarnished character. It was a scientific bill, a bill that we members of Congress do not care much about handling, because if we are lawyers we are not metallists; if we are business men we do not know anything about the mystery of coinage, one of the most subtle and careful sciences. These were men who would rather pore over a table of logarithms or study a problem in geometry or do something of that kind than do anything to tarnish their name and their fame. They prepared this bill at the request of the Secretary of the Treasury, and it was communicated to Congress. Here is the first communication conveying the bill to me as chairman of the Committee on Finance to be submitted to the Senate:

Treasury Department, April 25, 1870.

Sir: I have the honor to transmit herewith a bill revising the laws relative to the Mint, assay offices, and coinage of the United States, and accompanying report. The bill has been prepared under the supervision of John Jay Knox, Deputy Comptroller of the Currency, and its passage is recommended in the form presented. It includes, in a condensed form, all the important legislation upon the coinage, not now obsolete, since the first mint was established, in 1792; and the report gives a concise statement of the various amendments proposed to existing laws and the necessity for the change recommended. There has been no revision of the laws pertaining to the Mint and coinage since 1837, and it is believed that the passage of the inclosed bill will conduce greatly to the efficiency and economy of this important branch of the Government service.

I am, very respectfully, your obedient servant,

GEO. S. BOUTWELL,
Secretary of the Treasury.

HON. JOHN SHERMAN,
Chairman Finance Committee, United States Senate.

THE ORIGINAL BILL IN DETAIL.

The bill contains seventy-one sections. Sections 15 and 18 of the bill are the only ones to which this imputation has ever been made. I have here sections 15 and 18 as originally introduced by the Secretary of the Treasury and sent to to the Committee on Finance. Here are the original sections:

Sec. 15. And be it further enacted, That of the silver coin, the weight of the half-dollar, or piece of 50 cents, shall be 192 grains; and that of the quarter-dollar and dime shall be, respectively, one-half and one-fifth of the weight of said half-dollar. That the silver coin issued in conformity with the above section shall be a legal tender in any one payment of debts for all sums less than $1.

This is a literal copy, word for word, from the act of 1853, except that it drops the five-cent piece, I believe it is.

Mr. MILLS. The act of 1873, the Senator means?

Mr. SHERMAN. No; I say the bill that was sent to us re-enacts the law of 1853, and is an exact copy of it; but as the law of 1853 applied only to the fractional coins, in this draft they added to the four or five sections fixing the gold and silver and other coins the following section:

Sec. 18. And be it further enacted, That no coins, either gold, silver or minor coinage, shall hereafter be issued from the Mint other than those of the denominations, standards and weights herein set forth.

UNDER THAT SECTION THE DOLLAR WAS DROPPED FROM

THE COINAGE, A DOLLAR THAT HAD SCARCELY BEEN USED FOR NEARLY SEVENTY YEARS EXCEPT TO PUT SILVER IN FORM FOR EXPORTATION. But I will allude to that more hereafter.

BUT ONE CHANGE MADE IN THE BILL.

These sections in the three years that bill was pending in Congress were changed either in the House or Senate in only one or two unimportant particulars. The House of Representatives thought it was necessary to provide a dollar. They knew that the dollar was dropped out, as everybody else must have known, because the gentlemen who framed the original bill give the history of the act, and, as I shall show you in a moment, this matter was pointed out by them. It was discussed and the reasons given, and I will furnish in a moment the extract.

I have here the form which these two sections assumed when the bill was finally passed. Here is the difference:

That the silver coins of the United States shall be a trade dollar.

Instead of a trade dollar, and omitting the dollar of 412½ grains—nobody proposed such a dollar—the House of Representatives put on a dollar of 384 grains, and that was to be, like the half-dollars, a subsidiary coin. It was to be of the exact weight of two half dollars. That was put on by the House of Representatives, because they wished to keep the form of a dollar, and it contained 384 grains.

THE DOLLAR REDUCED TO A SUBSIDIARY COIN.

Mr. MILLS. Was it a full or a limited legal tender?

Mr. SHERMAN. A limited tender to $5. There, if at all, the dollar of 412½ grains being out of use, the dollar was reduced down to a subsidiary coin, just as our smaller coins had in 1853 been reduced from their full legal tender quality.

Mr. FRYE. The Senator, I think, has not stated when the Boutwell bill was first introduced in Congress.

Mr. SHERMAN. I gave the date.

Mr. FRYE. In 1870?

Mr. SHERMAN. Yes, in 1870.

Mr. FRYE. Then it is the action of 1870 of which the Senator is now speaking?

Mr. SHERMAN. This is the bill as it was passed into a law.

Mr. CULLOM. That was in 1873.

Mr. SHERMAN. IN 1873. IT WAS PENDING DURING THREE DIFFERENT SESSIONS OF CONGRESS. The dollar of 384 grains was inserted when it came to us from the House. The bill of 1870 having passed the

Senate, failed in the House of Representatives for want of time. In the following Congress the same bill was taken up in the House, there considered, passed, and sent to the Senate. THE SENATE THEN, UPON THE DEMAND OF THE PEOPLE OF THE PACIFIC COAST AND THE PETITION OF THE STATE OF CALIFORNIA, WHICH I HAD READ HERE IN OPEN SENATE SOME YEARS AGO, INSERTED, INSTEAD OF THE 384-GRAIN DOLLAR, THE TRADE DOLLAR CONTAINING 420 GRAINS. The Senate also dropped out the word "grains," which had been introduced in the House, and in that form it finally passed. Throughout all these changes this provision remained:

> Section 17. That no coins either of gold, silver, or minor coinage, shall hereafter be issued from the mint other than those of the denominations, standards, and weights herein set forth.

THE STANDARD DOLLAR NEVER IN EVIDENCE.

It is thus shown that from the first introduction of the bill, April 25, 1870, until its final passage into a law, February, 1873, the silver dollar of 412½ grains was dropped from the silver coins, and by section 17 was prohibited.

In the report accompanying the introduction of the bill, under date of April 25, 1870, Mr. John J. Knox, Comptroller of the Currency, gives the history of the silver dollar and the reasons for its discontinuance:

> The dollar unit, as money of account, was established by the act of Congress April 2, 1792, and the same act provides for the coinage of a silver dollar, "of the value of a Spanish milled or pillar dollar, as the same is now current." The silver dollar was first coined in 1794, weighing 416 grains, of which 371¼ grains were pure silver, the fineness being 892.4. The act of January 18, 1837, reduces the standard weight to 412½ grains, but increases the fineness to .900, the quantity of pure silver remaining 371¼ grains as before, and at these rates it is still coined in limited amount.

He then says:

> The coinage of the silver-dollar piece the history of which is here given, is discontinued in the proposed bill. It is by law the dollar unit, and, assuming the value of gold to be fifteen and one-half times that of silver, being about the mean ratio for the past six years, is worth in gold a premium of about 3 per cent. (its value being 103.12) and intrinsically more than 7 per cent. premium in our other silver coin, its value thus being 107.42. The present laws consequently authorize both a gold-dollar unit and a silver-dollar unit, differing from each other in intrinsic value. The present gold-dollar piece is made the dollar unit in the proposed bill, and the silver-dollar piece is discontinued. If, however, such a coin is authorized, it should be issued only as a commercial dollar, not as a standard unit of account, and of the exact value of the Mexican dollar, which is the favorite for circulation in China and Japan and other oriental countries.

Note.—"Assuming the value of gold to be fifteen and one-half times that of silver, the French 5-franc piece is worth about 96½ cents (96.4784); the standard Mexican dollar 104.90, our silver-dollar piece 103.12, and two of our half-dollar pieces 96 cents."

STATEMENT OF EXPERT METALLISTS.

I shall, without reading, quote from public records—for on this subject I shall not put one word in my speech except what I quote from public records—the statement made in this correspondence by Mr. Robert Patterson, of Philadelphia, who is confessedly one of the ablest scientists and best metallists in the United States, and probably in the world. He has a great reputation. He discussed the proposition for and against. Here is what he says:

(Ex. Doc. H. R. No. 307, second session Forty-first Congress).

Silver dollar, half dime, and three-cent piece discontinued. Coins less than a dime of copper-nickel legal tender. One-cent piece of one gram in weight.

The silver dollar, half dime, and three-cent piece are dispensed with by this amendment. Gold becomes the standard money, of which the gold dollar is the unit. Silver is subsidiary, embracing coins from the dime to half dollar. Coins less than a dime are of copper-nickel. The legal tender is limited to the necessities of the case, not more than a dollar for such silver, or 15 cents for the nickels.

* * * * * * * * * * * * * * *

The difference is called profit and so credited to the silver profit and loss account. But if the silver dollar is abolished (as seems to be agreed on, and properly so), a new normal or standard must be agreed on to estimate profit.

These were statements communicated to us with the bill by Dr. H. R. Linderman, formerly Director of the Mint, whose character and standing is known by all Senators. Dr. Linderman says:

Section 11 reduces the weight of the silver dollar from 412½ to 384 grains. I can see no good reason for the proposed reduction in the weight of this coin. It would be better, in my opinion, to discontinue its issue altogether.

The gold dollar is really the legal unit and measure of value. Having a higher value as bullion than its nominal value, the silver dollar long ago ceased to be a coin of circulation, and, being of no practical use whatever, its issue should be discontinued.

OPINION OF J. ROSS SNOWDEN.

J. Ross Snowden, formerly Superintendent of the Mint at Philadelphia, says:

I see it is proposed to demonetize the silver dollar. This I think inadvisable. Silver coins below the dollar are now not money in a proper sense, but only tokens. I do not like the idea of reducing the silver dollar to that level. It is quite true that the silver dollar, being more valuable than two half dollars or four quarter dollars, will not be used as a circulating medium, but only for cabinets, and perhaps to supply some occasional or local demand; yet I think there is no necessity for so considerable a piece as the dollar to be struck from the metal which is only worth 94 cents. When we speak of dollars let it be known that we speak of dollars not demonetized and reduced below their intrinsic value, and thus avoid the introduction of contradictory and loose ideas of the standards of value.

Hon. William E. Chandler, formerly Assistant Secretary of the Treasury, says:

The necessity of such a revision has been apparent to everyone connected of late years with the Treasury Department. The work has been admirably performed by you. You have happily secured and availed yourself of the suggestions of others, while impressing upon codification that unity and completeness which can only result from the operations of one thoroughly informed mind. If the law is enacted it will result most beneficially.

The abolition of the coinage charge, and the adoption of the metrical system, with a view to an international system of coinage, are so clearly apparent that I cannot believe that Congress will delay action much longer.

I am pleased with your report as a compendious statement of useful information connected with the coinage system. The table on page 26, showing the weight, fineness, and tolerance of all the United States coins, together with the amount in which such coins are legal tender, is especially valuable. I believe the very best results will follow from your work.

THE BILL REPORTED TO THE SENATE.

Mr. President, the Finance Committee carefully examined that bill. We were not in any hurry about it. It was sent to us in April, 1870. In December, 1870, the Committee on Finance, after a careful examination, after having the bill printed and sent by the order of the Senate to everyone who desired to read it or look over it, reported it unanimously.

That committee was composed of Messrs. Sherman, Williams, who was from Oregon, Cattell, Morrill, Warner, Fenton and Bayard.

The bill was reported to the Senate December 19, 1870, after lying in our committee room for eight months. The nature of the bill I have already described. The dollar was dropped from the coinage in the bill framed in the Treasury Department. It was then an unknown coin. Although I was quite active in business which brought under my eye different forms of money, I do not remember at that time ever to have seen a silver dollar. It was an unknown quantity. Probably if it had been mentioned to the committee and discussed it would have been thought, as a matter of course, scarcely worthy of inquiry. If it was known at all, it was known as a coin for the foreign market.

NO ONE PROPOSED TO REISSUE IT. THE PACIFIC COAST HAD SIX INTELLIGENT, ABLE, AND COMPETENT SENATORS ON THIS FLOOR, REPRESENTING A POPULATION THEN OF NOT MORE THAN A MILLION, IF THAT MUCH. THEY WOULD HAVE CAREFULLY LOOKED OUT FOR THE INTERESTS OF SILVER, IF THE BILL AFFECTED THEM INJURIOUSLY. BUT THE SILVER DOLLAR AT THAT TIME WAS WORTH MORE THAN THE GOLD DOLLAR. CALIFORNIA AND NEVADA WERE ON THE GOLD STANDARD.

As I said, the bill was printed over and over again, finally reported, and brought before the Senate. It was debated here for three days, and I have the voluminous record upon the subject. THE SENATOR FROM NEVADA **(MR. STEWART) TOOK A LEADING PART IN THAT DEBATE, AND**

EVERY SENATOR FROM THE PACIFIC COAST SPOKE UPON THE MEASURE. Representing the committee, I presented the questions as they occurred from time to time, until finally we differed quite seriously upon the question of a charge for the coinage of gold. The only yea-and-nay vote in the Senate on the passage of that bill, after two days debate, occurred on the 10th day of January, 1871, and I shall read the vote:

SENATOR STEWART VOTED FOR THE BILL.

In favor of the bill, Messrs. Bayard, Boreman, Brownlow, Casserly—
From the Pacific slope—

Cole—

Also from California—

Conkling, Corbett—

From Oregon—

Davis, Gilbert, Hamlin, Harlan, Jewett, Johnston, Kellogg, McCreary, Morton, Nye—

From Nevada—

Patterson, Pomeroy, Pool, Ramsey, Rice, Saulsbury, Spencer, STEWART, Stockton, Sumner, Thurman, Tipton, Trumbull, Vickers, Warner, Willey, Williams, Wilson and Yates—36.

Everyone of the six members from the Pacific coast voted for the bill after full debate.

I know that the Senator from Nevada (Mr. Stewart) questioned somewhat the accuracy of the statement of my neighbor here, the Senator from Massachusetts (Mr. Hoar), in regard to his vote; BUT HIS VOTE IS ON RECORD. IF THE SENATOR DESIRES TO LOOK AT IT, HERE IT IS (exhibiting paper). Strange to say, that against this bill were:

Messrs. Abbott, Ames, Anthony, Buckingham, Carpenter, Chandler, Fenton, Hamilton, of Texas; Harris, Howell, Morrill, of Vermont; Pratt, Scott, and Sherman—14.

SENATOR SHERMAN VOTED "NO."

SO THAT ON THE ONLY VOTE WHICH WAS EVER TAKEN UPON THIS FLOOR THE SENATOR FROM NEVADA (MR. STEWART) VOTED FOR IT, AND I, THE "DEVIL FISH," (Laughter) VOTED AGAINST IT. It was not on account of demonetizing the silver dollar. I did not do it because of that. but I did it because gold was then only coined for the benefit of private depositors; we were not using gold except for limited purposes. Gold was the standard in California, and we thought they ought to continue to pay the old and reasonable rate for coinage of one-fifth of 1 cent to the dollar. Because we were beaten upon that proposition, the majority of the Committee on Finance voted against the bill which was reported, not because it left out the silver dollar, but because it struck out the charge for mintage of gold; and every member from the Pacific coast voted for it.

Mr. President, the continuation of the history of that bill through the House of Representatives and through all of its stages until it finally passed into the hands of the Committee of Conference is so clearly and distinctly stated by the report of Mr. Knox, which has already been published, that I shall ask to have it embodied in my remarks, so as to relieve me from the necessity of reading it. Every statement contained in this report I have had verified by the public records. It is, therefore, a mere quotation of the proceedings of Congress:

COMPTROLLER KNOX'S REVIEW OF THE BILL.

On April 25, 1870, the Secretary of the Treasury transmitted the following letter to Hon. John Sherman, chairman of the Finance Committee of the Senate:

Treasury Department, April 25, 1870.

Sir: I have the honor to transmit herewith a bill revising the laws relative to the mint, assay offices and coinage of the United States, and accompanying report. The bill has been prepared under the supervision of John Jay Knox, Deputy Comptroller of the Currency, and its passage is recommended in the form presented. It includes in a condensed form all the important legislation upon the coinage, not now obsolete, since the first mint was established in 1792; and the report gives a concise statement of the various amendments proposed to existing laws, and the necessity for the change recommended. There has been no revision of the laws pertaining to the mint and coinage since 1837, and it is believed that the passage of the inclosed bill will conduce greatly to the efficiency and economy of this important branch of the Government service.

I am, very respectfully, your obedient servant,

GEO. S. BOUTWELL, Secretary of the Treasury.

The report and the bill were referred, on April 28, 1870, to the Finance Committee of the Senate, and subsequently, on May 2, 1870, 500 additional copies were ordered to be printed for the use of the Treasury Department. The report says:

"The method adopted in the preparation of the bill was first to arrange in as concise a form as possible the laws now in existence upon these subjects, with such additional sections and suggestions as seemed valuable. Having accomplished this, the bill, as thus prepared, was printed upon paper with wide margin, and in this form transmitted to the different mints and assay offices, to the First Comptroller, the Treasurer, the Solicitor, the First Auditor, and to such other gentlemen as are known to be intelligent upon metallurgical and numismatical subjects, with the request that the printed bill should be returned with such notes and suggestions as experience and education should dictate. In this way the views of more than thirty gentlemen who are conversant with the manipulation of metals, the manufacture of coinage, the execution of the present laws relative thereto, the method of keeping accounts, and of making returns to the Department, have been obtained with but little expense to the Department and little inconvenience to correspondents. Having received these suggestions, the present bill has been framed, and it is believed to comprise within the compass of eight or ten pages of the Revised Statutes every important provision contained in more than sixty different enactments upon the mint, assay offices, and coinage of the United States, which are the result of nearly eighty years of legislation upon these subjects."

The amendments proposed by the bill were as follows:

PROPOSED AMENDMENTS.

"The new features of the bill now submitted are, chiefly: The establishment of a Mint Bureau of the Treasury Department, which shall also have charge of the collection of statistics relative to the precious metals; the consolidation of the office of Superintendent with that of the Treasurer, thus abolishing the latter office, and disconnecting the Mint entirely from the office of Assistant Treasurer; the repeal of the coinage charge, and authorizing the exchange of unparted for refined bars; a reduction in the amount of wastage, and the tolerance (deviation in weight and fineness) in the manufacture of coin; requiring the token coinage to be of one material of uniform value, and to be redeemed under proper regulations when issued in excess, and the expense of its manufacture to be paid from specific appropriations, and not from the gain arising in its manufacture, as heretofore; an entire change in the manner of issuing the silver (subsidiary) coinage; discontinuing the coinage of the silver dollar; limiting the amount of silver to be used as alloy, so as to make the gold coinage of uniform color; the destruction of the dies, not in use, annually; requiring vouchers to pass between the different officers of the Mint in all transfers of bullion or coin; requiring increased bonds from officers of the Mint, and authorizing each officer to nominate his subordinate before appointment; and also making it an offense to increase or diminish the weights used in the Mint."

The report of Mr. Knox called special attention to the discontinuance of the silver dollar as a standard, as may be seen from the following paragraph on page 11:

SILVER DOLLAR—ITS DISCONTINUANCE AS A STANDARD.

"The coinage of the silver-dollar piece, the history of which is here given, is discontinued in the proposed bill. It is by law the dollar unit, and assuming the value of gold to be fifteen and one-half times that of silver, being about the mean ratio for the past six years, is worth in gold a premium of about 3 per cent. (its value being 103.12), and instrinsically more than 7 per cent. premium in our other silver coins, its value thus being 107.42. The present laws consequently authorize both a gold-dollar unit, and a silver-dollar unit, differing from each other in intrinsic value. The present gold-dollar piece is made the dollar unit in the proposed bill, and the silver-dollar piece is discontinued. If, however, such a coin is authorized, it should be issued only as a commercial dollar, not as a standard unit of account, and of the exact value of the Mexican dollar, which is the favorite for circulation in China and Japan and other Oriental countries."

The appendix to the report contained a copy of the English coinage act of 1870, and four tables, giving (1) the existing coinage, including the silver dollar; (2) the proposed coinage in which the silver dollar was omitted; (3) a metric system of coinage suggesting the issue of a subsidiary silver coinage consisting of two half-dollars constituting in weight and fineness an exact equivalent to the French five-franc piece, and a quarter-dollar and dime with proportionate weight and fineness, which proposition was finally adopted; (4) a table giving a comparison of coinage existing and proposed. A note at the foot of this table states that the silver dollar, half-dime, and 3-cent piece are omitted in the proposed bill. Subsequently, on June 25, 1870, the Secretary of the Treasury transmitted to the House of Representatives a letter of the then Deputy Comptroller of the Currency. together with copies of the correspondence of the Department with the officers of the different mints, assay offices, and other experts in reference to the bill and report previously submitted.

The bill in its original form, which was transmitted to the correspondents throughout the country for consideration and comment, contained the following section, as appears from the manuscript copy at the Treasury Department:

"Sec. 15. And be it further enacted, That of the silver coins (the weight of the dollar shall be 384 grains, now 412½ grains) the weight of the half-dollar or piece of 50 cents shall be 192 grains; and that the quarter-dollar and dime (and half-dime) shall be, respectively, one-half and one-fifth (and one-tenth) of the weight of said half-dollar. That the silver coin issued in conformity with the above sections shall be a legal-tender in any one payment of debts for all sums (not exceeding $5, except duties on imports) less than $1."

If the words inclosed in (brackets) of the section as here given are excluded and the words in italics included, the section will conform precisely to the section which was transmitted to Congress and which passed the Senate on January 9, 1871.

The dollar of 384 grains was proposed in the rough revision of the bill for the purpose of obtaining an expression of opinion in reference to the proposed omission of the dollar piece and the words "except duties on imports" inserted for the reason that a regulation or usage at the Custom House in New York limits the payment of silver coins to the fractional parts of a dollar, except when the payment to be made is $5 or less. Several gentlemen in their criticisms upon the rough revision of the bill referred to this section.

CRITICISMS OF THE BILL.

Hon. James Pollock, the Director of the Mint at Philadelphia, said:

"Sec. 11. The reduction of the weight of the whole dollar is approved, and was recommended in my annual report of 1861." (Page 10.)

Mr. Robert Patterson, of Philadelphia, sent to Mr. Knox some notes on the bill suggesting amendments. He called attention to one of these in the following words:

"The silver dollar, half-dime and three-cent piece are dispensed with by this amendment. Gold becomes the standard money, of which the gold dollar is the unit. Silver is subsidiary, embracing coins from the dime to half-dollar; coins less than the dime are of copper-nickel. The legal tender is limited to necessities of the case; not more than a dollar for such silver or 15 cents for the nickels."

Mr. Franklin Peale, formerly melter and refiner and chief coiner of the Mint at Philadelphia, recommended the discontinuance of the three and one dollar gold pieces, and supplying the place of the latter with a proper silver coin to be used as change. Dr. H. R. Linderman, the present Director of the Mint, said:

"Section 11 reduces the weight of the silver dollar from 412½ to 384 grains. I can see no good reason for the proposed reduction in the weight of this coin. It would be better, in my opinion, to discontinue its issue altogether. The gold dollar is really the legal unit and measure of value. Having a higher value as bullion than its nominal value, the silver dollar long ago ceased to be a coin of circulation; and being of no practical use whatever its issue should be discontinued."

Mr. James Ross Snowden, formerly Director of the Mint, said:

[SEE QUOTATION ABOVE.]

Mr. George F. Dunning, formerly superintendent of the United States assay office in New York, proposed that the law in regard to the silver coinage should be in the following language:

"Sec. 11. And be it further enacted, That the silver coins of the United States shall be a dollar, a half-dollar, a quarter-dollar, a dime or tenth of a dollar, and a half-dime or twentieth of a dollar; and the standard weight of the silver coins shall be in the proportion of 384 grains to the dollar, and these coins shall be a legal-tender in all payments not exceeding $5."

The officers of the San Francisco branch mint made the following suggestions:

"Section 11: Would not the proposed change in the weight of the silver dollar disturb the relative value of all our coinage, affect our commercial conventions, and possibly impair the validity of contracts running through a long period? Might not the dollar be retained as a measure of value, but the coinage of the piece for circulation be discontinued?"

Mr. E. B. Elliott, of the Treasury Department, gave a complete history of the silver dollar, and suggested the issue of a commercial dollar of nine-tenths fineness, and containing of pure silver just 35 grams, in place of the then existing silver dollar of 412½ grains, the proposed silver dollar being almost the exact equivalent of the silver contained in the older Spanish-Mexican pillared dollar established in 1704 by proclamation of Queen Anne as a legal tender of payment and accepted as par of exchange for the British colonies of North America at the rate of 54d. sterling to the dollar, or 4 and four-ninths dollars to the pound sterling.

REPORTED FROM THE FINANCE COMMITTEE.

On December 19, 1870, the bill was reported from the Finance Committee of the Senate and printed with amendments.

On January 9, 1871, in accordance with previous notice, the bill came before the Senate and was discussed during that day and the following day by Senators Sherman, Sumner, Bayard, Stewart. of Nevada. Williams, Casserly, Morrill, and others, and passed the Senate on the 10th by a vote of 36 yeas to 14 nays.

On January 13, 1871, on motion of Hon. William D. Kelley, the Senate bill was ordered to be printed. On February 25, 1871, Mr. Kelley, the chairman of the Committee on Coinage, reported the bill back, with an amendment in the nature of a substitute, when it was again printed and recommitted. Mr. Kelley again, on March 9, 1871, introduced the bill in the Forty-second Congress, when it was ordered to be printed. and referred to the Committee on Coinage, when appointed.

On January 9, 1872, the bill was reported by Mr. Kelley, chairman of the Coinage Committee, with the recommendation that it pass. The bill was read and discussed at length by Messrs. Kelley, Potter, Garfield, Maynard, Dawes, Holman and others. Mr. Kelley, in the opening speech, said:

"The Senate took up the bill and acted upon it during the last Congress and sent it to the House; it was referred to the Committee on Coinage, Weights and Measures, and received as careful attention as I have ever known a committee to bestow on any measure.

* * * * * * *

"We proceeded with great deliberation to go over the bill, not only section by section, but line by line, and word by word; the bill has not received the same elaborate consideration from the Committee on Coinage of this House, but the attention of each member was brought to it at the earliest day of this session; each member procured a copy of the bill, and there has been a thorough examination of the bill again."—Congressional Globe, volume 100, page 322.

Mr. Kelley on the same day also said:

"There are one or two things in this bill, I will say to the gentleman from New York, with his permission, which I personally would like to modify: that is to say, I would like to follow the example of England and make a wide difference between our silver and gold coinage. * * *

"I would have liked to have made the gold dollar uniform with the French system of weights, taking the gram as a unit." (Page 323, volume 100.)

On January 10, 1872, the bill after considerable discussion was again recommitted, and on February 9, 1872, it was again reported from the Coinage Committee by Hon. Samuel Hooper, printed and recommitted, and on February 13, 1872, reported back by Mr. Hooper with amendments, printed, and made the special order for March 12, 1872, until disposed of.

On April 9, 1872, the bill came up in the House for consideration. Mr. Hooper, in a carefully prepared speech of ten columns, explained the provisions of each section of the bill. In this speech (page 2306, volume 102 of the Congressional Globe) he says:

"Section 16 re-enacts the provisions of the existing laws defining the silver coins and their weights, respectively, except in relation to the silver dollar, which is reduced in weight from 412½ to 384 grains, thus making it a subsidiary coin in harmony with the silver coins of less denomination to secure its concurrent circulation with them. The silver dollar of 412½ grains, by reason of its bullion or intrinsic value being greater than its nominal value, long since ceased to be a coin of circulation, and is melted by manufacturers of silverware. It does not circulate now in commercial transactions with any country, and the convenience of these manufacturers in this respect can better be met by supplying small stamped bars of the same standard, avoiding the useless expense of coining the dollar for that purpose."

MR. STOUGHTON ON THE SILVER DOLLAR.

Mr. Stoughton, of the Coinage Committee, also made a speech of seven columns, in which he says:

"The silver coins provided for are the dollar, 384 grains troy, the half-dollar, quarter-dollar and dime, of the value and weight of one-half, one-quarter and one-tenth of the dollar, respectively; and they are made a legal tender for all sums not exceeding $5 at any one payment. The silver dollar, as now issued, is worth for bullion 3¼ cents more than the gold dollar, and 7¼ cents more than two half-dollars; having a greater intrinsic and nominal value, it is certain to be withdrawn from circulation whenever we return to specie payment, and to be used for only manufacture and exportation as bullion."

The latter in commenting upon the bill says:

"Mr. Speaker, this is a bill of importance. When it was before the House in the early part of this session I took some objections to it which I am inclined now to think, in view of all the circumstances, were not entirely well founded, but after further reflection I am still convinced that it is a measure which it is hardly worth while for us to adopt at this time. * * * This bill provides for the making of changes in the legal-tender coin of the country and for substituting as legal-tender coin of only one metal instead as heretofore of two. I think myself this would be a wise provision, and that legal-tender coins, except subsidiary coin, should be of gold alone; but why should we legislate on this now when we are not using either of those metals as a circulating medium?

"The bill provides also for a change in respect of the weight and value of the silver dollar, which I think is a subject which, when we come to require legislation about it at all, will demand at our hands very serious consideration, and which, as we are not using such coins for circulation now, seems at this time to be an unnecessary subject about which to legislate." (Page 2310, volume 102.)

Mr. Kelley also said:

"I wish to ask the gentleman who has just spoken (Mr. Potter) if he knows of any government in the world which makes its subsidiary coinage of full value? The silver coin of England is 10 per cent. below the value of the gold coin. and acting under the advice of the experts of this country and of England and France, Japan has made her silver coinage within the last year 12 per cent. below the value of gold coin, and for this reason it is impossible to retain the double standard. The values of gold and silver continually fluctuate. You cannot determine this year what will be the relative values of gold and silver next year. They were 15 to 1 a short time ago; they are 16 to 1 now.

"Hence all experience has shown that you must have one standard coin which shall be a legal tender for all others, and then you may promote your domestic convenience by having a subsidiary coinage of silver, which shall circulate in all parts of your country as legal tender for a limited amount and be redeemable at its face value by your Government. But, sir, I again call the attention of the House to the fact that the gentlemen who oppose this bill insist upon maintaining a silver dollar worth 3½ cents more than the gold dollar and worth 7 cents more than two half-dollars, and that so long as those provisions remain you can not keep silver coin in the country."

On May 27, 1872, the bill was again called up by Mr. Hooper for the purpose of offering an amendment in the nature of a substitute, and the bill as amended passed that day—yeas 110, nays 13.

Just previous to the passage of the bill Mr. McNeeley, of the Coinage Committee, said:

"As a member of the Committee on Coinage, Weights and Measures, having carefully examined every section and line of this bill, and generally understanding the subject before us, I am satisfied that the bill ought to pass." (Page 3883, volume 104.)

MR. HOOPER'S SUBSTITUTE.

The substitute reported by Mr. Hooper and passed by the House, so far as it refers to silver coinage, was identical with the bill previously reported from the Coinage Committee by him. It was also identical with the bill introduced by Mr. Kelley, with the single exception of the provision authorizing the coinage of a silver dollar weighing 384 grains. The bill of Mr. Kelley, so far as it related to the silver coinage, was identical with the bill which was prepared at the Treasury Department, and which had passed the Senate, excepting that the latter bill made the silver coin, a legal tender for all sums less than $1, while the bill of Mr. Kelley made the silver coins a legal tender for $5 in any one payment.

The bill was again printed in the Senate on May 29, 1872, and referred to the Finance Committee. Senator Sherman, in reporting it back on December 16, 1872, said:

"This bill has, in substance, passed both Houses, except that the Senate bill enlarged and increased the salaries of the officers of the mint; it was passed by the Senate at the session of the last Congress, went to the House, and now, somewhat modified, has passed the House at this Congress, so that the bill has practically passed both Houses of Congress. The Senate Committee on Finance propose a modification of only a single section; but as this is not the same Congress that passed the bill in the Senate, I suppose it will have to go through the form of a full reading unless the Senate are willing to take it on the statement of the committee, the Senate already having debated it and passed it." (Page 203, volume 106, third session Forty-second Congress.)

After further debate, on motion of Mr. Cole, the bill was printed in full with amendments.

On January 7, 1873, it was again reported with amendments, and again printed for the information of the Senate. It passed that body on January 17, 1873, after a discussion occupying nineteen columns of the Congressional Globe. In the course of the debate Senator Sherman said:

"This bill proposes a silver coinage exactly the same as the French, and what are called the associated nations of Europe, who have adopted the international standard of silver coinage; that is, the dollar (two half-dollars) provided for by this bill, is the precise equivalent of a 5-franc piece. It contains the same number of grams of silver, and we have adopted the international gram instead of the grain for the standard of our silver coinage. The trade-dollar has been adopted mainly for the benefit of the people of California and others engaged in trade with China.

"That is the only coin measured by the grain, instead of by the gram. The intrinsic value of each is to be stamped upon the coin. The Chamber of Commerce of New York recommended this change, and it has been adopted, I believe, by all the learned societie who have given attention to coinage, and has been recommended to us, I believe, as the general desire. That is embodied in these three or four sections of amendment to make our silver coinage correspond in exact form and dimensions and shape and stamp with the coinage of the associated nations of Europe, who have adopted an international silver coinage.'' (Page 672, volume 106, third session Forty-second Congress).

The bill was sent to the House, and on January 21, 1873, on motion of Mr. Hooper, it was again printed with amendments, and subsequently committees of conference were appointed, consisting of Messrs. Hooper, Houghton, and McNeely, of the House, and Senators Sherman, Scott and Bayard, of the Senate. The reports of the committees of conference were agreed to, and the bill became a law on February 12, 1873, substantially as originally prepared at the Treasury.

The bill as prepared at the Treasury omitted the silver-dollar piece, and the report stated the fact of its omission three different times and gave the reasons therefor. The silver-dollar piece was omitted from the bill as it first passed the Senate. It was also omitted from the bills reported by Mr. Kelley; but in the bills reported by Mr. Hooper a new silver dollar was proposed equal in weight (384 grains) to two of the half-dollars then authorized.

The Senate substituted a trade dollar weighing 420 grains in place of the dollar of 384 grains, in accordance with the wishes of the dealers in bullion upon the Pacific coast, that being considered by them as the most advantageous weight for a coin to be used for shipment to China and Japan.

THE BILL WAS REPEATEDLY PRINTED.

The weight of the subsidiary silver coin was increased about one-half per cent. in value, making the half-dollar, quarter-dollar and dime, respectively, of the weight of 12½ grams, 6¼ grams and 2½ grams, or precisely one-half, one-quarter and one-tenth, respectively, of the weight of the French 5-franc piece. All of said coins were made a legal tender in nominal value for any amount not exceeding $5 in any one payment. The bill was read in full in the Senate several times, and the record states on January 9, 1872, that it was read in the House. It was undoubtedly read at other times. The bill was printed separately eleven times and twice in reports made by the Deputy Comptroller of the Currency, thirteen times in all by order of Congress. It was considered at length by the Finance Committee of the Senate and the Coinage Committee of the House during five different sessions, and the debates upon the bill in the Senate occupied sixty-six columns of the Globe and in the House seventy-eight columns of the Globe.

The Secretary of the Treasury called the special attention of Congress to the bill in his annual reports for 1870, 1871 and 1872. In his report of 1872 he says:

"In the last ten years the commercial value of silver has depreciated about 3 per cent. as compared with gold, and its use as a currency has been discontinued by Germany and by some other countries. The financial condition of the United States has prevented the use of silver as currency for more than ten years, and I am of opinion that upon grounds of public policy no attempt should be made to introduce it, but that the coinage should be limited to commercial purposes, and designed exclusively for commercial uses with other nations.

"The intrinsic value of a metallic currency should correspond to its commercial value, or metals should be used for the coinage of tokens redeemable by the Government at their nominal value. As the depreciation of silver is likely to continue, it is impossible to issue coin redeemable in gold without ultimate loss to the Government; for when the difference becomes considerable the holders will present the silver for redemption and leave it in the hands of the Government to be disposed of subsequently at a loss.

"Therefore, in renewing the recommendations heretofore made for the passage of the mint bill, I suggest such alterations as will prohibit the coinage of silver for circulation in this country, but that authority be given for the coinage of a silver dollar that shall be as valuable as the Mexican dollar, and to be furnished at its actual cost."

As a final answer to the charge that the bill was passed surreptitiously, I append, first, a copy of the section in reference to the issue of silver coins as printed in the report of the Treasury Department and as passed by the Senate; second, a copy of the section as reported by Mr. Kelley; third, a copy of the section as reported by Mr. Hooper; fourth, a copy of the section as finally passed by the Senate and agreed upon by the conference committee.

The following section was printed in the two reports of John Jay Knox, Deputy Comptroller of the Currency, to Congress; also in Senate bill 859, Forty-first Congress, second session, April 28, 1870; in Senate bill 859, December 19, 1870, and January 11, 1871, third session Forty-first Congress, as reported by Mr. Sherman:

"Sec. 15. And be it further enacted, That of the silver coins the weight of the half-dollar, or piece of 50 cents, shall be 192 grains; and that of the quarter-dollar and dime shall be, respectively, one-half and one-fifth of the weight of said half-dollars; that the silver coin issued in conformity with the above section shall be a legal tender in any one payment of debts for all sums less than $1."

The following section was printed in Senate bill 859, Forty-first Congress, third session, February 25, 1871, and House bill No. 5, Forty-second Congress, first session, March 9, 1871, as reported by Mr. Kelley:

"Sec. 15. And be it further enacted, That of the silver coins the weight of the half-dollar, or piece of 50 cents, shall be 192 grains; and the quarter-dollar and dime shall be, respectively, one-half and one-fifth of the weight of said half-dollar; which coins shall be a legal tender, at their denominational value, for any amount not exceeding $5 in any one payment."

The following section was printed in House bill No. 2934, May 29, 1872; House bill No. 1427, February 9, 1872, and February 13, 1872, Forty-second Congress, second session, as reported by Mr. Hooper:

"Sec. 16. That the silver coins of the United States shall be a dollar, a half-dollar or fifty-cent piece, a quarter-dollar or twenty-five cent piece, and a dime or ten-cent piece; and the weight of the dollar shall be 384 grains; the half-dollar, quarter-dollar, and the dime shall be, respectively, one-half, one-quarter, and one-tenth of the weight of said dollar, which coins shall be a legal tender, at their denominational value for any amount not exceeding $5 in any one payment."

The following section was printed in House bill No. 2934, December 16, 1872, January 7, 1873, and January 21, 1873, Forty-second Congress, third session, as reported by Mr. Sherman:

"That the silver coins of the United States shall be a trade dollar, a half-dollar or fifty-cent piece, a quarter-dollar or twenty-five-cent piece, a dime or ten-cent piece; and the weight of the trade dollar shall be 420 grains troy; the weight of the half dollar shall be 12½ grains; the quarter dollar and the dime shall be, respectively, one-half and one-fifth of the weight of said half-dollar; and said coins shall be a legal tender at their nominal value for any amount not exceeding $5 in any one payment."

The following section was contained in all of the different bills and the coinage act of 1873:

"Sec. 18. And be it further enacted, That no coins, either of gold, silver, or minor coinage, shall hereafter be issued from the mint other than those of the denominations, standards and weights herein set forth."

Copies of the different bills may be obtained at the document room of the Senate.

NOT SURREPTITIOUSLY PASSED IN THE HOUSE.

THIS BILL WENT TO THE HOUSE OF REPRESENTATIVES. THE OFFICIAL RECORD SHOWS THAT IT WAS CAREFULLY CONSIDERED THERE, ESPECIALLY SECTION 16, DROPPING THE OLD DOLLAR. IT IS SOMETIMES SAID THAT NOBODY EXPLAINED THAT THE DOLLAR WAS DEMONETIZED. HERE IS THE STATEMENT MADE BY MR. HOOPER, WHO HAD CHARGE OF THE BILL, ONE OF THE MOST EMINENT MEN WHO HAS BEEN FURNISHED THE HOUSE OF REPRESENTATIVES FROM THE STATE OF MASSACHUSETTS. I WILL ASK THAT THE SECRETARY READ WHAT MR. HOOPER SAID IN THE DEBATE PENDING THAT BILL.

Mr. Hooper said, April 9, 1872 (Congressional Globe, part 3, second session Forty-second Congress, page 2306):

"Section 16 re-enacts the provisions of existing laws defining the silver coins and their weights, respectively, except in relation to the silver dollar, which is reduced in weight from 412½ to 384 grains; thus making it a subsidiary coin in harmony with the silver coins of less denomination to secure its concurrent circulation with them. The silver dollar of 412½ grains, by reason of its bullion and intrinsic value being greater than its nominal value, long since ceased to be a coin of circulation, and is melted by manufacturers of silverware. It does not circulate now in commercial transactions with any country, and the convenience of those manufacturers in this respect can better be met by supplying small stamped bars of the same standard, avoiding the useless expense of coining the dollar for that purpose. The coinage of the half-dime is discontinued for the reason that its place is supplied by the copper nickel five-cent piece, of which a large issue has been made and which, by the provisions of the act authorizing its issue, is redeemable in United States currency.

Mr. SHERMAN. If any man could make a clearer statement of this matter than Mr. Hooper did when it was pending, I do not know how it could be done.

Mr. DANIEL. Was that the Congress at which the bill finally passed?

Mr. SHERMAN. As a matter of course, it was the same Congress.

Mr. DANIEL. But it was at another session of that Congress, was it not?

Mr. SHERMAN. It was the first session of that Congress. The bill finally passed in the seond session.

Mr. STEWART. Mr. Hooper did not state in the extract which has been read the provision that limited the legal-tender quality to $5. The change of weight was the only change he explained, as I understand.

THE DOLLAR DROPPED OUT HONESTLY AND FAIRLY.

Mr. SHERMAN. It was put in as a subsidiary coin, as stated here expressly by this gentleman, in the same section, a section which itself provides that these coins shall be only legal tender for $5. If there was any demonetization of the silver dollar, here was a humiliation of it. Instead of being a legal tender for all debts, public and private, it was reduced to a subsidiary coin by the House of Representatives, upon the motion of the chairman of the committee, after as distinct a statement as could be made. The old dollar must have blushed then in its old age, that after one hundred years it should not be better placed.

MR. PRESIDENT, THAT SHOWS THAT IT WAS DONE OPENLY AND FAIRLY; THAT ATTENTION WAS CALLED TO IT, AND THAT IT WAS DEBATED; BUT, AS A MATTER OF COURSE, THE FULL HISTORY OF THE TRANSACTION WILL BE GIVEN IN THE EXTRACTS WHICH I HAVE ALREADY QUOTED. The bill finally passed the House of Representatives on the 27th of May, 1872. It came to the Senate, was referred to the Committee on Finance, and not reported until December 16, 1872. We were not in a hurry about it. It was a great measure, a heavy measure. It was finally brought before the Senate, and the Senate, instead of providing for a dollar of 384 grains, struck that out, and inserted the trade dollar, with the history of which the Senate is quite familiar. THAT TRADE DOLLAR WAS ONLY A LEGAL TENDER FOR $5. IT WAS NOT UNTIL YEARS AFTER, WHEN THAT TRADE DOLLAR CAME INTO GENERAL CIRCULATION HERE, THAT FINALLY THE

LEGAL-TENDER QUALITY WAS GIVEN TO IT. THE SENATOR FROM NEVADA WAS A SENATOR AT THAT TIME, TOO.

THE TESTIMONY OF EX-SECRETARY BOUTWELL.

Mr. President, there is another thing. I have here a statement made recently by Mr. Boutwell, which I will ask to have read, he being about the only survivor of the men who participated in framing that law. He comes out now in a broad declaration, not only giving the history of the law, but avowing himself as the author of it; and he was the author of it. It was he who communicated it to Congress, and he, being the head of the Department which sent it to us, manfully came out and avowed his authorship, and it is true to my certain knowledge. Mr. Boutwell, in a statement published in the Boston Herald, Sunday, July 9, 1893, says:

Any statement by me touching the financial condition of the country compels a reference to my policy and acts while I was at the head of the Treasury Department, and while I acted as a member of the silver commission of 1876.

The act known as the act for the demonetization of silver was passed in 1873, and upon a distinct recommendation made in my annual report to Congress in December, 1872. The statement so often made and so generally believed, that the provision was introduced and passed surreptitiously, was without any foundation, as will appear from quotations from my report, which I shall incorporate in this article.

The country had due and full notice of the policy proposed, and if the friends of a silver currency were ignorant of the movement the fault was their own. Not only was there no concealment, but, on the other hand, the change proposed was announced early and definitely. For myself, I can say that I never hesitated to avow the authorship of the measure, and I have been ready always to assign the reasons by which I was influenced.

We were then on a gold basis as far as the use of the metals had a part in our financial affairs; we were a principal producer of gold, and the most important steps had been taken in the work of bringing the Treasury note to the standard of gold coin.

In the same report I advised the coinage of a silver dollar, known as the trade dollar, in value superior to the Mexican dollar, which was then in use almost exclusively in the commerce of China and the East Indies. This coin, which was not current in the United States, became the means of a very considerable export of silver to the East.

My discussion of the contest of 1876 will be ended by the use of one additional extract from my report, in which I made a summary of my views:

"At present the gold dollar of the United States, which contains 25.8 grains of standard gold, will purchase a larger quantity of pure silver than is contained in the dollar of 412.5 grains of standard silver.

"The superior value of the gold dollar would prevent its use, and the gold coin and the gold bullion of the country would at once be exported to other countries, and silver in exchange would be returned, and, when coined, it would be introduced into the circulation of the United States. The demonetized and discarded silver of every other country would flow to the United States, and there can be no doubt that after the first effect of its remonetization had passed away it would steadily depreciate in value.

"Nor can there be a doubt that our unfortunate experience would furnish an argument against the remonetization of silver by the commercial nations of the world.

"It is contended by those who advocate a bimetallic standard for the United States, without regard to the policy of other countries, that its use by us would so advance its value in the markets of the world that it would be at a par with gold. It can only be said in answer to this assumption that there is no evidence that such would be the result, while, on the contrary, it is reasonable to anticipate that the demonetization of silver in Germany, the limitation of its coinage by the nations of the Latin Union, its reduced value in India, and the large production in America would counteract the effect of an increased demand for coinage in the United States, and that in a period of ten years its relative value to gold would be less than it now is."

The evils thus anticipated in 1876 have been realized with fearful augmentation in this year 1893.

The bill was brought up again before the Senate for final consideration. No doubt the Senate was somewhat weary of it. It had already passed the Senate in the previous Congress, had been read in full in all its copious length, and was then taken up and considered as such a bill is very apt to be which has once passed the Senate of the United States. Finally, after debate upon several amendments, it was passed unanimously, and then, at last, I was charged with the responsibility for it, when I merely voted with all others for the bill.

JEFFERSON STOPPED THE COINAGE OF THE SILVER DOLLAR IN 1805.

Mr. MILLS. I desire to ask the Senator if he has stated that at one time before, about 1805, Mr. Jefferson stopped the coinage of the silver dollar? Did he give any reasons for it? Is the Senator familiar with that?

Mr. SHERMAN. The best statement of his reasons that I have seen is contained in the report of Mr. Ingham, who was the Secretary of the Treasury of General Jackson, I think, about the time they were beginning to formulate for passage the bill of 1833. Mr. Ingham gives an interesting statement of the action of Jefferson, saying that Mr. Jefferson found that the silver dollar being bright and clean and new, and containing a trifle more silver, and of more value than the Mexican dollar, should not be issued; that it was a waste of time, the Mexican dollar being also a legal tender; and for thirty years after that not a single dollar was issued.

The action of the Senate was unanimous. The only important amendment made, I think, to this section, or to any section of the bill, was the substitution of the trade dollar for what was called the franc dollar. I believe the dollar provided for by the House was precisely the equivalent of 5 francs, or two half dollars of our subsidiary coin. Then it was made a legal tender for only $5. On final action on that bill, the conferees on the part of the Senate were Messrs. Sherman, Scott and Bayard. We went into that conference, and every matter was settled promptly, quickly and decisively.

There never was a bill proposed n the Congress of the United States which was so publicly and openly presented and agitated. I know of no bill in my experience, which was printed, as this was, sixteen times, in order to invite attention to it. I know no bill which was freer from any immoral or wrong influence than this act of 1873. Not one single word of that act has been impugned, but there has been the false allegation made that the silver dollar was surreptitiously omitted from the coinage. No fact can be proved more clearly and fully than that it is a falsehood and a lie by whomsoever uttered.

THE ERNEST SEYD FABLE.

Mr. President, there has been an invention of a story in connection with Ernest Seyd. I suppose Senators have often heard of the story. Some fellow—some man, I will call him, for it might insult him to call him a fellow—whose name I do not recall, made an affidavit that he knew Ernest Seyd; that he had often met him at his own table; had often dined with him, and at one time, when they were in conversation, he said that the Parliament of Great Britain was corrupt. Mr. Seyd then said "They are nothing like the Congress of the United States; that is the most corrupt body that ever existed." He then went on in a confidential conversation, according to the statement of this man, whoever he is.

Seyd said he would tell him a secret, if he would pledge himself never to reveal it while he (Seyd) lived. He promised to wait until Seyd died. Thereupon Seyd said to him that he had raised a fund of £100,000 in the winter—now, mark the time—of 1872-'73 to bribe Congress to demonetize silver; and, with a wink, he conveyed the idea to this man, whoever he was, that he had done it, and said that that was a greater act of corruption than had ever occurred in the British Parliament.

Three or four years after Seyd died this man revealed this important secret, which has made all this turmoil, and which has disturbed the country about the act of 1873.

Mr. President, such a story as that, told under these circumstances, would be hooted at by any lawyer or any honest man. Unfortunately for him, the man, as all rogues are apt to do, gave himself away; for in the end of this letter he declares himself an anarchist, opposed to all governments and all property; and yet he made an affidavit of this kind, which had no legal force or effect. It is falsified in every single line and word.

In the first place, according to all the information I can get, Mr. Seyd was a gentleman, and probably one of the finest writers upon the subject of metallism in the world. I never saw him, and only know him by his works. I have here a book which I obtained from the library, of the date of 1871, in reference to the metallic currency of the United States of America, by Ernest Seyd, a member of the council of the Statistical Society of London. I venture to say that there is not upon this class of subjects a work of greater accuracy, of more thoroughness, and clearer, sounder views than are contained in this little book of

Ernest Seyd, who is now dead and gone, and whom this man, whatever his name may be, misrepresents.

THE DEFAMER OF SEYD BRANDED AS A LIAR.

Mr. Seyd, in a letter which, thank God, we have now here before us, showed that he retained his views upon bimetallism, and that he never could have uttered such language as this obscure anarchist and enemy of mankind attributes to him. It stamps the statement of that man as a lie made out of whole cloth, to arouse and aggravate the good, sensible, honest people of this country. Wherever he is, if he is alive, I brand him here as a liar, so proved by evidence which cannot be gainsaid. Yet upon such stuff as that the members of the Congress of the United States are to be assailed as corrupt; men who would not stain their honor for all the gold in the world are to be held up before popular audiences as corrupt and dishonest, with hands and hearts stained with bribery.

Mr. President, I say that such things ought not to exist, and I hope now that the good people of the United States, as I shall put all this evidence in form, will read it, and banish forever the belief that Congress can be corrupted.

Before the time this man says Mr. Seyd came here, that law had passed both Houses with the silver dollar dropped from the coins of the United States. Mr. Seyd was against the exclusion of the dollar, and in his book he criticises specially the acts of 1834 and 1837 and the act of 1853, because they surrendered the principle of bimetallism.

This bill passed the House in April, 1872. It first passed the Senate, I think, in February, 1871. It again passed the Senate and became a law in 1873.

My friend from Nebraska (Mr. Manderson) calls my attention to an important fact, which is, that the letter of Mr. Seyd was dated February 17, 1872, at 1 A Princess street, Bank, London. So that Mr. Seyd must have been in London in February, 1872, and wrote there against the very clauses which it is charged were corruptly put in the bill, induced by bribes paid by him.

Mr. McPHERSON. Will the Senator have that letter published with his remarks?

Mr. SHERMAN. It is almost too long.

Mr. MANDERSON. It has already been printed in the Record.

Mr. McPHERSON. Very well; if it has been already published, that will answer.

Mr. SHERMAN. The letter is dated long before Mr. Seyd is said to have come here. Mr. Hooper probably invited him to come here, but it must have been after this letter was written. He came here a known bimetallist, who had committed himself not only in a book but by letter; and now, according to this anarchist, he came here and bribed Congress in the winter of 1872-'73 with

$500,000 to do what both Houses had done long before! That is the way the thing stands now, because the bill had passed both Houses before Seyd could have come here, and he was opposed to it absolutely, and in clear and forcible language depicts the consequences which would follow the demonetization of silver by the countries of Europe and by the United States.

GEN. GRANT AND THE DEMONETIZATION ACT.

It is sometimes said that General Grant did not know of the demonetization of silver. Well, what of it? General Grant was not a financier nor a metallist nor a monetary expert, but he was a brave, strong, noble man. He might truly have said this, but he could also have said, if he had seen fit, that his Secretary of the Treasury, his chosen officer, in a document only second in importance to that of a message of the President of the United States, had, in December, 1872, just before the passage of this act, urged Congress to pass the act, and gave as a reason that, unless it was passed, we would be disturbed by the falling of silver in the markets of the world. GENERAL GRANT MIGHT HAVE SAID THAT HE DID NOT READ THE REPORT OF THE SECRETARY OF THE TREASURY, BUT HOW CAN MEMBERS OF CONGRESS MAKE SUCH A PLEA AS THAT? THEIR BUSINESS IS TO WATCH AND GUARD THE INTERESTS OF THEIR CONSTITUENTS AS WELL AS THE COMMON GOOD OF THE WHOLE PEOPLE OF THE UNITED STATES.

Sir, I would rather stand this day before you defending a law which has been denounced and villified, as this has been, boldly avowing that I did read the law and that I knew its contents, than to plead the baby act, and say I did not know what was pending here before us for two or three years as an act of legislation. THAT LEGISLATION DROPPING OUT THE SILVER DOLLAR WAS IN THAT BILL FROM THE BEGINNING TO THE END, AND NEVER WAS ERASED FROM IT. THE SENATOR FROM NEVADA SAID HE DID NOT REMEMBER. VERY WELL. IT SEEMS TO ME THAT, REPRESENTING 53,000 INTELLIGENT, ACTIVE, INDUSTRIOUS PEOPLE WHOSE WHOLE FORTUNES WERE INVOLVED IN THE MINING OF SILVER AND GOLD, HE OUGHT TO HAVE KNOWN WHETHER THE DEAR DOLLAR OF THE DADDIES WAS DEAD AND GONE OR NOT. (Laughter.)

SENATOR STEWART'S PLEA FOR THE GOLD STANDARD.

I take him, however, at his word. The law was passed in February, 1873, and I do know that within a year from that time the Senator from Nevada knew that silver was demonetized, because he said so; and he said it February 11, 1874, as will appear in the document which I have here before me, and to which I give him a reference, so there can be no mistake about it. On page 1392, volume 2, part 2, of the Congressional Record, first session, Forty-third Congress, he said:

> **I want the standard gold, and no paper money not redeemable in gold; no paper money the value of which is not ascertained; no paper money that will organize a gold board to speculate in it.**

Again only a week or two after this, on the 20th of February, to be found in Congressional Record, Volume 2, part 2, page 1677, when he was speaking in favor of the resolution instructing the Committee on Finance to report a bill providing for the convertibility of Treasury notes into gold coin or 5 per cent. bonds, he said:

> **By this process we shall come to a specie basis, and when the laboring man receives a dollar it will have the purchasing power of a dollar, and he will not be called upon to do what is impossible for him or the producing classes to do, figure upon the exchanges, figure upon the fluctuations, figure upon the gambling in New York; but he will know what his money is worth. Gold is the universal standard of the world. Everybody knows what a dollar in gold is worth.**

(Laughter.)

WESTERN MINING ASSESSMENTS PAYABLE IN GOLD.

MR. PRESIDENT, THE SENATOR FROM NEVADA, IN MAKING THESE DECLARATIONS, FAIRLY AND TRULY REPRESENTED THE PEOPLE OF HIS STATE, BECAUSE FROM THE BEGINNING OF THE WAR UP TO THIS HOUR THEY HAVE REFUSED TO TAKE ANYTHING BUT GOLD COIN OF THE UNITED STATES. I HAVE HERE TWO DOCUMENTS. ONE IS THE VIRGINIA (NEV.) CHRONICLE OF SATURDAY, AUGUST 12, 1893, ONLY A SHORT TIME AGO. THERE IS CONTAINED IN THIS NEWSPAPER NEARLY HALF A PAGE, OR PERHAPS A THIRD OF A PAGE, OF ADVERTISEMENTS BY VARIOUS MINING COMPANIES CALLING FOR ASSESSMENTS "PAYABLE IN UNITED STATES GOLD COIN;" EVERY ONE OF THEM HAS THE STIPULATION "PAYABLE IN UNITED STATES GOLD COIN."

THEY DO NOT TAKE PAPER MONEY, OR AT LEAST THEY ADVERTISE THAT THEY DO NOT, NOR SILVER MONEY, ALTHOUGH THEY REQUIRE US TO BUY ALL THE SILVER THEY PRODUCE AT ITS MARKET VALUE AND COMPLAIN BECAUSE WE DO NOT PAY $1.29 AN OUNCE FOR IT IN GOLD WHEN WORTH IN THE MARKET ONLY 73 CENTS; AND YET THEY DEMAND OF THEIR OWN PEOPLE—THEIR OWN STOCKHOLDERS—THE PAYMENT OF THESE ASSESSMENTS IN GOLD COIN.

THE SAME PRACTICE EXISTS IN CALIFORNIA. I HAVE HERE THE SAN FRANCISCO NEWS-CIRCULAR. THE WHOLE OF THAT PAGE OF THIS CIRCULAR (exhibiting) CONTAINS ASSESSMENT NOTICES OF SILVER-MINING COMPANIES, AND EVERY ONE OF THEM REQUIRES THE ASSESSMENTS TO BE PAID IN UNITED STATES GOLD COIN. THEREFORE, I MUST DEFEND THE SENATOR FROM NEVADA FROM ANY IMPUTATIONS WHICH MIGHT BE MADE THAT HE HAS NOT REPRESENTED HIS CONSTITUENTS. HE IS REPRESENTING THEM, NOT ONLY IN DEMANDING GOLD COIN FOR EVERYTHING THAT IS PAID TO THEM, BUT TENDERING SILVER BROADLY. AT ITS RATIO PRICE, TO ANYBODY TO WHOM THEY WANT TO SELL IT. NOW, THEY ARE SHARP; THEY ARE KEEN. I HAVE ALWAYS HEARD THAT THE MINERS OF THE WEST ARE ABOUT THE KEENEST MEN IN THE COUNTRY; AND FROM THE SPECIMENS WE HAVE AROUND US I AM RATHER INCLINED TO THINK THEY ARE TOO SHARP FOR A BUCKEYE YANKEE. (Laughter).

THE BILL PRINTED SIX TIMES IN THE HOUSE.

Now, Mr. President, to resume for a moment the history of the act of 1873: It was framed in the Treasury Department after a thorough examination by experts, transmitted to both Houses of Congress, thoroughly examined and debated during four consecutive sessions, the information called for by the House of Representatives and printed six times by order broadly circulated, and many amendments were proposed, but no material changes were made in the coinage clause from the beginning to the end of the controversy. It added the French dollar for a time, but that was superseded by the trade dollar, and neither was made a legal tender but for $5. IT PASSED THE SENATE ON THE 10TH OF JANUARY, 1871—36 YEAS AND 14 NAYS—EVERY SENATOR FROM THE PACIFIC COAST VOTING FOR IT.

IT WAS INTRODUCED IN THE HOUSE OF REPRESENTATIVES BY MR. HOOPER AT THE NEXT SESSION. IT WAS DEBATED, SCRUTINIZED AND PASSED UNANIMOUSLY, DROPPING THE SILVER DOLLAR AS DIRECTLY STATED BY MR. HOOPER. IT WAS REPORTED, DEBATED, AMENDED AND PASSED BY THE SENATE UNANIMOUSLY. IN EVERY STAGE OF THE BILL AND EVERY PRINT THE DOLLAR OF 412½ GRAINS WAS PROHIBITED, AND THE SINGLE GOLD STANDARD RECOGNIZED, PROCLAIMED AND UNDERSTOOD. IT WAS NOT UNTIL SILVER WAS A CHEAPER DOLLAR THAT ANYONE DEMANDED IT, AND THEN IT WAS TO TAKE ADVANTAGE OF A CREDITOR.

Now, it has always been within the power of Congress to correct this error, if error was made; but Congress has refused over and over again to do it. When the controversy arose about the Bland bill and the House of Representatives proposed the free coinage of silver, the Senate rejected it after a deliberate contest and substituted in place of it what is called the Bland-Allison act, which required the purchase of silver bullion at its market value and its coinage to a limited amount. Every effort has been made from that time to this to have the Congress of the United States pass a free coinage act.

As I said before, shortly after the passage of the Bland-Allison act, and from that time on there was a constant debate going on in Congress, and finally Congress raised the amount of silver bullion to be purchased to four million and a half ounces by the act of 1890. The question then was between the free coinage of silver and the purchase of silver in a limited amount to be coined at the pleasure of the Government as it was needed. The same question is upon us now in the difficulties which surround us, and it is time that the question should be definitely and finally settled.

AN INTERNATIONAL AGREEMENT NECESSARY.

Mr. President, it is said that if we stop the coinage of silver it will be the end of silver. I have heard here that moan from some of my friends near me, that it will be the end of silver. I do not think it will be the end of silver. We have proven by our purchases that the mere purchase of silver by us in a declining market, when all the nations of Europe are refusing to buy silver and throwing upon us their surplus, is an improvident use of the public money, and it ought to be abandoned, or at least suspended until a time shall come when we may, by an international ratio or by some other provision of law, prevent the possible coming to the single standard of silver. Now, that can be done.

I SAY THAT INSTEAD OF DESIRING TO STRIKE DOWN SILVER WE WILL LIKELY BUILD IT UP; AND ANY MEASURE THAT COULD BE ADOPTED FOR AN INTERNATIONAL RATIO THAT WILL NOT DEMONETIZE GOLD WILL MEET MY APPROBATION AND FAVOR. BUT I WOULD NOT DISSEVER THE FINANCIAL BUSINESS OF THIS GREAT COUNTRY OF OURS, WITH ITS 65,000,000 OF PEOPLE, FROM THE STANDARDS THAT ARE NOW RECOGNIZED BY ALL THE CHRISTIAN NATIONS OF EUROPE. I WOULD NOT HAVE OUR MEASURE LESS VALUABLE THAN THE MEASURE OF THE PROUDEST AND HAUGHTIEST COUNTRY OF THE WORLD.

Mr. President, this is not a question of the mere interest of Nevada or Colorado. It is not a question about what Wall street will do. They will always be doing some deviltry or other, it makes no difference who is up or who is down. We take that as a matter of course. The question is what ought to be done for the people of the United States in their length and breadth. If Congress should say that in its opinion it is not now wise after our experience to continue the purchase of silver bullion, is any injustice done to Colorado or Nevada? Are we bound to build up the interest of one section or one community at the expense of another or of the whole country?

OUR FINANCIAL INTEGRITY MUST BE MAINTAINED.

If the fight must be for the possession of gold, we will use our cotton and our corn, our wheat and other productions, against all the productions of mankind. We, with our resources, can then enter into a financial competition. We do not want to do it now. We prefer to wait awhile until the skies are clear and see what will be the effect of the Indian policy, and what arrangements may be made for conducting another international conference. In the meantime let the United States stand upon its strength and credit, maintaining its money, different kinds of money, at a parity with each other. If we will do that I think soon all these clouds will be dissipated and we may go home to our families and friends with a conscientiousness that we have done good work for our country at large. (Applause in the galleries.)

* * *

Senator Jones, of Nevada, on Gold.

[From His Speech in the Senate, April 1, 1874.]

Does this Congress mean now to leave entirely out of view and to discard forever a standard of value? Did any country ever accumulate wealth, achieve greatness, or attain a high civilization without such standard? And what but gold can be that standard? What other thing on earth possesses the requisite qualities?

Its value is represented by the average amount of labor required to produce it. Its scarcity gives a small quantity of it great value, so that it is easily transported from place to place. It is capable of division and subdivision, and also of being reunited—all without loss. It is in every commercial country made into coins and stamped, by national authority, with a certificate as to fineness and weight. It is flexible and self-regulating, and flows by natural laws wherever the exigencies of trade demand it.

Gold is the articulation of commerce. It is the most potent agent of civilization. It is gold that has lifted the nations from barbarism. It has done more to organize society, to promote industry and insure its rewards, to inspire progress, to encourage science and the arts than gunpowder, steam and electricity.

The use of gold had its origin in the necessities of mankind. The human heart is set upon it. It will command the proper services of everybody at all times and in all places. The necessities which compel its use are inexorable to-day as they were at the beginning, although improved systems of exchange have diminished the proportionate volume necessary to do the work.

So exact a measure is it to human effort that when it is exclusively used as money it teaches the very habit of honesty. It neither deals in nor tolerates false pretenses. It cannot lie. It keeps its promises to rich and poor alike.

While it has seen human institutions perish and human governments crumble and decay, it is itself imperishable. The gold that was in Solomon's temple possessed the same qualities as the gold dug to-day from the sands of Africa. The gold of California and the gold of Australia are precisely the same. It defies the corroding hand of time and the friction of the ages. It is the common denominator of values. It makes possible the classification of labor and the equitable interchange of commodities. Gold has intervened in the bargains made between men since the dawn of civilization, and it has never failed to faithfully fulfill its part as the universal agent and servant of mankind. But it withdraws from the companionship of the bendizened harlot called irredeemable paper money, and says to every people, "Banish her before you look for my return." It is the oxygen in the commercial atmosphere, and its absence produces financial asphyxia.

The value of gold is not affected by the stamp of government. That is merely the final and reliable evidence of its weight and fineness.

You must have something with the attribute of extension when you measure extension; to measure weight you must have something of specific gravity, and to measure value you must have something of value—something that requires labor to produce it. Gold has this requisite. The stamp on a gold dollar says in effect: "This Government pledges its honor that this coin is nine-tenths fine and contains 25.8 grains in weight."

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